

Stock Code: 2308



**Delta Electronics, Inc.**

**2009 First Extraordinary Shareholders' Meeting**

**Meeting Agenda**

**(Translation)**

**Date of the Meeting: December 18, 2009 at 10:00 a.m.**

**Place of the Meeting: Taoyuan Chuto Plaza Hotel (No. 398 Taoying Rd., Taoyuan City, Taoyuan County)**

# Meeting Agenda for the 2009 First Extraordinary Shareholders' Meeting of Delta Electronics, Inc.

## Table of Contents

I. Meeting Procedures .....	1
II. Meeting Agenda	
1. Discussion items	
(1) Discussion of the share swap proposal between the Company and Cyntec Co., Ltd. ....	2
(2) Proposal regarding capital increase by issuance of new shares for the share swap	
2. Provisional motions.....	6
Meeting Adjourned	
III. Attachments	
1. Share Swap Agreement .....	7
2. Opinions of Independent Expert on Reasonableness of the Share Swap Ratio under the Proposed Share Swap Between Delta Electronics Inc. And Cyntec Co., Ltd. ....	20
3. Shareholders' Meeting Rules and Procedures of Delta Electronics, Inc. ....	28
4. Articles of Incorporation of Delta Electronics, Inc.....	35
5. Shareholdings of All Directors and Supervisors .....	46

**Procedures of the 2009 First Extraordinary Shareholders' Meeting of Delta Electronics, Inc.**

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

## I. DISCUSSION ITEMS

1. Discuss the share swap between the Company and Cyntec Co., Ltd. (Proposed by the Board of Directors)

Explanation: (1) In order to pool resources for expansion of operation scale, to lower management cost for enhancement of operating efficiency and to strengthen competitiveness on global market, the Company proposes to enter into a share swap transaction with Cyntec Co., Ltd. (hereinafter "Cyntec"), 35.6 % of its share capital has been held by the Company. After the completion of share swap, Cyntec will become the Company's 100% owned subsidiary.

(2) The share swap will be conducted in the manner that Cyntec, on share swap effective date, transfers all of its issued and outstanding shares (deducted by those the Company has already owned) to the Company in consideration for the Company's newly issued shares subscribed by Cyntec's shareholders.

(3) The share swap ratio between the companies is: the Company: Cyntec = 1:1.07, that is, on share swap effective date, the Company issues 120,530,079 new shares in exchange for the 128,967,185 issued and outstanding common share of Cyntec. The aforesaid share swap ratio is set on the basis of respective financial statements of the Company and Cyntec as of 30 September 2009, with reference to their respective earnings per share, market value per share, net worth per share, company prospect and opinions issued by independent experts on the reasonableness of the ratio. Any fractional common shares as a result of the share swap ratio shall be combined to one person by Cyntec's shareholders or shall be paid by the Company in the form of cash pursuant to the par values of shares on a pro-rata basis (round up to the nearest NT\$), and the chairman of the Company shall be authorized to discuss with specific persons to subscribe for such fractional shares.

(4) In case that any events specified in Article 3 of the Share Swap Agreement occurs, the share swap ratio between the companies

shall be adjusted in accordance with the Share Swap Agreement.

- (5) The actual number of new shares to be issued by the Company under the share swap will be determined in accordance with the total number of issued and outstanding common shares of Cyntec on the share swap effective date, the number of Cyntec's common shares already owned by the Company, the provisions of the Share Swap Agreement and the number of new shares to be issued by the Company under the share swap set forth in the filing with the Securities and Futures Bureau of the Financial Supervisory Commission. Rights and obligations of such newly issued shares shall be the same as other issued shares of the Company.
- (6) Employee stock options issued by Cyntec shall, after the share swap effective date, be exercisable for the Company's shares, subject to the adjustment to exercise price and volume in accordance with Cyntec's Rules for Issuing Employee Stock Option and the share swap ratio specified in the Share Swap Agreement. The implementation of the said employee stock option shall be handled by the Company in accordance with applicable laws and regulations and the instruction of competent authorities.
- (7) The effective date of share swap is tentatively scheduled on 31 March 2010 by both companies. Nevertheless, the board of directors is authorized to change the effective date of share swap as necessary depending on the implementation situation of this share swap transaction.
- (8) If any change in the aforesaid share swap is necessary due to any matter not provided in the Share Swap Agreement, the laws and regulations of R.O.C., instructions of competent authorities or objective/subjective circumstances, the chairman of the Company is authorized to represent the Company to negotiate, adjust, revise or change the relevant conditions, implementation priority and all other relevant matters of this share swap. The chairman of the Company shall report all documents executed for this share swap and relevant matters to the board of directors for ratification.
- (9) Please refer to Attachment 1 and Attachment 2 for the Share

Swap Agreement and Opinions of Independent Expert on  
Reasonableness of Share Swap Ratio.

(10) Respectfully proposed for discussion.

Resolution:

2. In respect of the proposed share swap, it is proposed to increase the Company's capital by issuing new shares. (Proposed by the Board of Directors)

- Explanation:
- (1) The current paid-in capital of the Company is NT\$ 22,535,239,560, and the number of total issued and outstanding shares is 2,253,523,956 shares. In order to satisfy the needs under the proposed share swap described in the preceding discussion item, it is anticipated that the company should increase its capital by issuing 120,530,079 new shares to Cyntec's shareholders with a par value of NT\$10 per share, in the total of NT\$ 1,205,300,790. After the completion of the proposal capital increase by issuing new shares, the paid-in capital of the Company is expected to be NT\$23,740,540,350 and the total number of issued and outstanding shares is expected to be 2,374,054,035 shares.
  - (2) In case that any events as specified in Article 3 of the Share Swap Agreement occurs, the share swap ratio between the companies shall be adjusted in accordance with the Share Swap Agreement. The actual number of new shares to be issued by the Company under the share swap will be determined in accordance with the total number of issued and outstanding common shares of Cyntec on the share swap effective date, the number of Cyntec's common shares already owned by the Company, the provisions of the Share Swap Agreement and the number of new shares to be issued by the Company under the share swap set forth in the filing with the Securities and Futures Bureau of the Financial Supervisory Commission.
  - (3) Rights and obligations of new shares to be issued under the proposed share swap shall be the same as other issued shares of the Company.
  - (4) Unless otherwise specified in the Share Swap Agreement, the chairman of the Company is authorized to proceed with all matters relating to the new share issuance for the proposed share swap with full discretionary power.
  - (5) Respectfully proposed for discussion.

Resolution:

## **II. Provisional Motions**

**Meeting adjourned.**



Attachment 1

**Share Swap Agreement**

(Translation)

Delta Electronics, Inc. ("Delta")

AND

Cyntec Co., Ltd. ("Cyntec")

**WHEREAS**, to pool resources to expand operation scale, lower management costs, enhance operating efficiency and strengthen competitiveness on the global market, Delta and Cyntec, in accordance with the Enterprise Merger Act and related regulations, agree for Cyntec to be acquired by Delta to become its wholly owned subsidiary through share swap (the "Share Swap").

**NOW, THEREFORE**, both companies hereby enter into the Share Swap Agreement (the "Agreement") on the terms and conditions as follows:

Article 1 Share Swap

Delta will issue new shares for share swap with Cyntec. After the Share Swap is completed, Cyntec will become a wholly owned subsidiary of Delta. Shareholders of Cyntec will receive shares in Delta as calculated per the Share Swap Ratio (defined under Article 3 of this Agreement).

Article 2 Capital Structure of Delta and Cyntec

(1) Delta

- a. As of the date of execution of this Agreement, the authorized capital of Delta is NT\$ 27,000,000,000, divided into 2,700,000,000 common shares with the par value at NT\$10 each, which may be issued in installments and among which 100,000,000 shares will be reserved for Delta to issue stock option certificates, preferred shares with warrants, and corporate bond with warrants; the total issued shares are 2,253,523,956 shares, and the paid-in capital is NT\$ 22,535,239,560.
- b. As of the date of execution of this Agreement, the totals amount of issued and outstanding employee stock option certificates is 57,691,000 units, and each

unit entitles the holder to acquire 1 share.

- c. As of the date of execution of this Agreement, Delta has not purchased back any treasury stock.

(2) Cyntec

- a. As of the date of execution of this Agreement, the authorized capital of Cyntec is NT\$ 3,000,000,000, divided into 300,000,000 common shares with the par value at NT\$10 each, which may be issued in installments and among which 25,000,000 shares will be reserved for Cyntec to issue stock option certificates, preferred shares with warrants, and corporate bond with warrants; the total issued shares are 200,382,760 shares, and the paid-in capital is NT\$ 2,003,827,600. Delta owns 71,415,575 shares in Cyntec.
- b. As of the date of execution of this Agreement, the total amount of issued and outstanding employee stock option certificates is 8,995,000 units, and each unit entitles the holder to acquire 1 share.
- c. As of the date of execution of this Agreement, Cyntec has not purchased back any treasury stock.

(3) In this Share Swap, the number of shares of Cyntec to be transferred to Delta shall be based on the issued shares of Cyntec as of the Share Swap Effective Date (as defined in Article 5) less the number of shares already held by Delta ("Shares from Cyntec Shareholders"), meaning Cyntec's total issued shares as of the date of this Agreement, plus new shares issued by Cyntec during the period from signing this Agreement to the Share Swap Effective Date for stock options exercised by employees, distribution of stock dividends or employee stock bonus, then minus the number of shares already held by Delta.

(4) After the Share Swap Effective Date, employee stock option certificates already issued by Cyntec shall be exercisable for shares in Delta, subject to adjustment to exercise price and volume per Cyntec's Rules for Issuing Employee Stock Option Certificates and the Share Swap Ratio under this Agreement; subsequently, the implementation of the said employee stock option certificates shall be handled by Delta in accordance with applicable laws and regulations and the instruction of competent authorities.

### Article 3 Share Swap Ratio and its Adjustment

(1) The share swap ratio ("Share Swap Ratio") shall be 1.07 common shares of Cyntec for 1 common share of Delta. The Share Swap Ratio was based on respective financial statements of Delta and Cyntec as of 30 September 2009, with

reference to their respective earnings per share, market value per share, net worth per share, company prospect, etc. and opinions from independent experts consulted by Delta and Cyntec. Unless otherwise provided under this Agreement, other written agreements by both companies, laws of the ROC or as requested by the competent authorities, neither company may unilaterally change or adjust the Share Swap Ratio.

(2) After the date of execution of this Agreement and prior to the Share Swap Effective Date (as defined in Article 5), upon occurrence of any of the following events, the boards of directors of both companies shall reach agreement to adjust the Share Swap Ratio as soon as possible without convening shareholders meetings for further resolution:

- a. Distribution of stock dividends or cash dividend, employee bonus shares, employee cash bonus and remuneration for directors and supervisors;
- b. Capital increase, capital decrease, or issuance of convertible corporate bonds, issuance of corporate bonds with warrant, preferred shares with warrants, share subscription warrants and other equity securities;
- c. Acts that may materially affect financial conditions or business of the company such as disposal of material assets;
- d. Disaster or significant change in technology that may materially affect shareholder rights or securities prices;
- e. Buyback or transfer of treasury stock in accordance with applicable laws;
- f. Necessary adjustment of the Share Swap Ratio per instruction of the competent authorities or obtaining regulatory approvals for the completion of Share Swap;
- g. Change in participating entities, or the number thereof, of the Share Swap; or
- h. Other material events (including but not limited to breach of Representations and Warranties under Article 7) making it necessary to adjust the Share Swap Ratio.

#### Article 4 Issuance of New Shares

(1) In regard to any fraction of Delta's shares as a result of the Share Swap Ratio, shareholders may combine their fractional shares and distribute to one shareholder on their behalf, or Delta may distribute such fractional share in the form of cash based on its par value on a pro-rata basis (round up to nearest NT\$) and authorize Delta's chairman of the board of directors to contact specific

persons to subscribe such fractional shares based on par value. The boards of both companies are authorized with full power to process necessary change to the handling of fractional shares provided hereunder as may be required by laws and regulations or for processing purpose.

- (2) For the Share Swap, Delta plans to issue 120,530,079 common shares to increase capital, provided total number of new shares to be issued by Delta. Nevertheless, the Share Swap shall be based on the number of actually issued common shares of Cyntec as of the Share Swap Effective Date less the number of Cyntec's common shares held by Delta at the same time, calculated per the Share Swap Ratio under Paragraphs (1) and (2) of Article 3.
- (3) The rights and obligations under the new shares to be issued by Delta for the Share Swap shall be the same as the common shares already issued by Delta.

#### Article 5 Share Swap Effective Date

The share swap effective date ("Share Swap Effective Date") is tentatively set on 31 March 2010. Necessary adjustment to the Share Swap Effective Date due to actual circumstances shall be jointly decided by the boards of directors of both companies under authorization of respective shareholders meetings of both companies.

#### Article 6 Delisting of Cyntec

After completion of the Share Swap, Cyntec's shares shall be delisted per applicable regulations. Where permitted by the laws and regulations or the practice of the Securities and Futures Bureau of the Financial Supervisory Commission under the Executive Yuan and the Taiwan Stock Exchange, Cyntec's shares will be delisted from the stock exchange on the Share Swap Effective Date and Cyntec shall go private pursuant to the applicable regulations.

#### Article 7 Representations and Warranties

- (1) Delta represents and warrants the following to be true and accurate from the execution date of this Agreement until the Share Swap Effective Date:
  - a. Due incorporation and existence: Delta is duly incorporated and existing under the law of the Republic of China and has obtained all necessary licenses, approvals, permits and other certificates to engage in registered business items recorded on its Certificate of Incorporation.
  - b. Delta has total capital amount and total paid-in capital amount as stated under

Article 2. (1).

- c. Board resolution: The Share Swap has been approved by resolution of Delta's board meeting.
- d. Legality of this Agreement: the execution and performance of this Agreement has not violated, and does not and will not violate any (1) current laws and regulations of the Republic of China, (2) judgments, orders or decisions by court or competent authorities, (3) the Articles of Incorporation of Delta, or (4) contract, agreement, representation, covenant, guarantee, undertaking, arrangement or other obligation legally binding on Delta.
- e. Financial statements and financial information: the financial statements provided by Delta to Cyntec were prepared in accordance with the ROC Generally Accepted Accounting Principles. The information contained in the aforesaid financial statements and other financial documents are all accurate and true, and do not have any false, concealing or misleading statement. Since 30 September 2009, there has been no material adverse change, as reckoned by both companies, in Delta's financial conditions compared to those reflected by the financial statements as of 30 September 2009.
- f. Filing and payment of taxes: Delta has filed and paid all of the taxes within the periods prescribed by the law, and does not have any delay, omission or evasion of any taxes or any circumstances which are in violation of the tax laws and regulations, administrative orders or instructions issued by the authorities concerned to the extent that such violation may have material adverse effect on Delta's business or financial conditions.
- g. Litigation and non-litigation matters: to date, Delta and its directors and managers have had no material litigious or non-litigious matters that may result in dissolution of Delta, or organizational change thereof, or change in capital, business plan, financial conditions, suspension of operation or any material adverse effect on the business or financial conditions of Delta.
- h. Assets and liabilities: all the assets and liabilities of Delta have been specified in their financial statements provided to Cyntec, and Delta has legitimate ownership over said assets. Except for those as specified in the aforesaid financial statements, the usage, collection of proceeds from and disposal of the assets are not subject to any limitation or restriction, excluding the limitation or restriction which does not have any material adverse effect on the business or financial conditions of Delta.
- i. Contingent liability: unless disclosed in the financial statements provided by

Delta to Cyntec, Delta has no material contingent liability that may have material adverse effect on the business or financial conditions of Delta.

- j. Contracts and undertaking: all the material contracts, agreements, representations, warranties, guarantees or other obligations (regardless of the form thereof) executed, agreed or covenanted by Delta have been provided or notified to Cyntec which contain no misrepresentation, concealment or inaccuracy. Delta has not entered into any contract or other binding document, or reached any oral or written agreement with any third party to (1) sell all or a substantial part of Delta's business or assets, (2) enable another party to merge with Delta or acquire over 50% shares of Delta, or (3) become a subsidiary of another party through share swap.
  - k. Environmental event: where Delta's operation requires application for pollution facilities permit or for pollutant discharge permit, or requires pollution control fees or environmental protection personnel under relevant environmental protection laws and regulations, Delta has complied accordingly and is not involved in any environmental pollution dispute and has not been punished by environmental protection regulator for non-compliance.
  - l. Labor dispute: to date Delta has no material breach of relevant labor laws and regulations resulting in its being punished by the labor regulator and such breach may have any material adverse effect on the business or financial conditions of Delta.
  - m. Others: to date Delta has not been involved in any other material misrepresentation, violation of laws and regulations, loss of credibility or other significant circumstances that may affect its business operation.
- (2) Cyntec represents and warrants the following to be true and accurate from the execution date of this Agreement until the Share Swap Effective Date
- a. Due incorporation and existence: Cyntec is duly incorporated and existing under the law of the Republic of China and has obtained all necessary licenses, approvals, permits and other certificates to engage in registered business items recorded on its Certificate of Incorporation.
  - b. Cyntec has total capital amount and total paid-in capital amount as stated under Article 2. (2).
  - c. Board resolution: The Share Swap has been approved by resolution of Cyntec's board meeting.
  - d. Legality of this Agreement: the execution and performance of this Agreement has not violated, and does not and will not violate any (1) current laws and

regulations of the Republic of China, (2) judgments, orders or decisions by court or competent authorities, (3) the Articles of Incorporation or resolutions in the shareholders meeting of Cyntec, or (4) contract, agreement, representation, covenant, guarantee, undertaking, arrangement or other obligation legally binding on Cyntec.

- e. Shares of Cyntec for the Share Swap have been fully paid.
- f. Financial statements and financial information: the financial statements provided by Cyntec to Delta were prepared in accordance with the ROC Generally Accepted Accounting Principles. The information contained in the aforesaid financial statements and other financial documents are all accurate and true, and do not have any false, concealing or misleading statement. Since 30 September 2009, there has been no material adverse change, as reckoned by both companies, in Cyntec's financial conditions compared to those reflected by the financial statements as of 30 September 2009.
- g. Filing and payment of taxes: Cyntec has filed and paid all of the taxes within the periods prescribed by the law, and does not have any delay, omission or evasion of any taxes or any circumstances which are in violation of the tax laws and regulations, administrative orders or instructions issued by the authorities concerned to the extent that such violation may have material adverse effect on Cyntec's business or financial conditions.
- h. Litigation and non-litigation matters: on the execution date of this Agreement, Cyntec and its directors and managers have had no material litigious or non-litigious matters that may result in dissolution of Cyntec, or organizational change thereof, or change in capital, business plan, financial conditions, suspension of operation or any material adverse effect on the business or financial conditions of Cyntec.
- i. Assets and liabilities: all the assets and liabilities of Cyntec have been specified in their financial statements provided to Delta, and Cyntec has legitimate ownership over said assets. Except for those as specified in the aforesaid financial statements, the usage, collection of proceeds from and disposal of the assets are not subject to any limitation or restriction, excluding the limitation or restriction which does not have any material adverse effect on the business, or financial conditions of Cyntec.
- j. Contingent liability: unless disclosed in the financial statements provided by Cyntec to Delta, Cyntec has no material contingent liability that may have material adverse effect on the business or financial conditions of Cyntec.

- k. Contracts and undertaking: all the material contracts, agreements, representations, warranties, guarantees or other obligations (regardless of the form thereof) executed, agreed or covenanted by Cyntec have been provided or notified to Delta which contain no misrepresentation, concealment or inaccuracy. Cyntec has not entered into any contract or other binding document, or reached any oral or written agreement with any third party to (1) sell all or a substantial part of Cyntec's business or assets, (2) enable another party to merge with Cyntec or acquire over 50% shares of Cyntec, or (3) become a subsidiary of another party through share swap.
- l. Environmental event: where Cyntec's operation requires application for pollution facilities permit or for pollutant discharge permit, or requires pollution control fees or environmental protection personnel under relevant environmental protection laws and regulations, Cyntec has complied accordingly and is not involved in any environmental pollution dispute and has not been punished by environmental protection regulator for non-compliance.
- m. Labor dispute: to date Cyntec has no material breach of relevant labor laws and regulations resulting in its being punished by the labor regulator and such breach may have any material adverse effect on the business or financial conditions of Cyntec.
- n. Others: to date Cyntec has not been involved in any other material misrepresentation, violation of laws and regulations, loss of credibility or other significant circumstances that may affect its business operation.

## Article 8 Covenants

Both companies agree that during the period from the execution of this Agreement to the Share Swap Effective Date, both companies shall ensure that they will operate their business in the ordinary course of business and exercise the due care of a good administrator respectively and, without prior written consent from the other company, neither company may engage in any of the following:

- a. Distribution of stock dividends or cash dividend, employee bonus shares, employee cash bonus and remuneration for directors and supervisors, excluding capitalization of earnings and capital reserves as approved by shareholders meetings of Delta or Cyntec.
- b. Capital increase by cash injection, or issue of convertible corporate bonds, corporate bonds with warrant, preferred shares with warrants, share subscription warrants and other equity securities, or engagement in derivatives transactions



linked to the foregoing securities.

- c. Execution of any contracts with other third parties regarding (i) the merger, share swap, asset transfer, mandate of management, or joint venture; (ii) the execution, amendment, termination of lease of all business operations or the mandate of management or regular joint operation with other parties; (iii) the transfer of all or substantial part of its business or assets to the third parties; (iv) acceptance of all or substantial part of the business or assets of the third parties; and (v) any contract, agreement, undertaking, letter of intent or memorandum with the third parties which has similar effects as sub-paragraphs (i) to (iv) above.
- d. Acts that may materially affect financial conditions or business of the company such as disposal of material assets.
- e. Except for the buyback of shares from dissenting shareholders, any buyback of its issued shares or equity-linked securities directly or indirectly by itself or any other third parties, capital decrease, dissolution, liquidation, or petition for reorganization, settlement or bankruptcy.
- f. Entering into or making any contracts or undertakings which may materially affect its rights and interest, except for those arising from ordinary course of business.
- g. Change in participating entities, or the number thereof, of the Share Swap

#### Article 9 Conditions Precedent to the Share Swap

(1) Conditions precedent to the Share Swap are as follows:

- a. Both companies have obtained all necessary consents and approvals in their respective shareholders meetings to effectuate the Share Swap and this Agreement.
- b. All necessary approvals, consents or permissions from relevant domestic and foreign competent authorities to effectuate the Share Swap have been obtained.
- c. Representations, warranties and undertakings of both companies hereunder remain effective and true and accurate on the Share Swap Effective Date.
- d. Both companies have performed their respective obligations hereof and do not breach the representations, warranties or undertakings hereunder, unless an adjustment to the Share Swap Ratio has been made by both companies pursuant to Article 3.(2) for the relevant breach of representations, warranties or undertakings.

(2) This Agreement shall be terminated automatically if any of the conditions

precedent set forth in this Article 9 is not fulfilled within one year from the execution date of this Agreement, unless both companies have agree in writing to extend the term of this Agreement or to waive such condition(s) precedent.

#### Article 10 Shares from Dissenting Shareholders

- (1) Both companies agree that if any of the shareholders of either company objects the Share Swap or this Agreement, such company shall buy back the shares held by the dissenting shareholders in accordance with relevant laws and regulations, and unless otherwise determined by the court, the purchase price for the shares of dissenting shareholders shall not be higher than the closing price as of the date of shareholders meeting of such company.
- (2) The shares purchased in accordance with the preceding Paragraph shall be cancelled on the Share Swap Effective Date, and the number of new shares to be issued by Delta for the Share Swap and its paid-in capital after the completion of the Share Swap shall be changed accordingly.

#### Article 11 Directors and Supervisors of Cyntec

Other than those appointed by Delta, the current directors and supervisors of Cyntec shall automatically be discharged on the Share Swap Effective Date in accordance with Articles 197 and 227 of the Company Act of the ROC. Cyntec shall also procure its directors who do not hold shares in Cyntec to resign on the Share Swap Effective Date and be replaced by persons appointed by Delta in accordance with applicable law.

#### Article 12 Share of Taxes and Expenses

Unless otherwise stipulated in this Agreement, Delta and Cyntec shall each be responsible for its own taxes and expenses (including but not limited to fees payable to lawyers, accountants, securities underwriters and other experts, regardless of whether the Share Swap is invalidated or cancelled due to failure to obtain relevant regulatory approvals or other causes) arising from negotiations, execution or performance of this Agreement.

#### Article 13 Effectiveness and Performance of this Agreement

- (1) This Agreement shall become binding on both companies upon approval by board meeting of each company and execution by authorized representatives of both

companies respectively.

- (2) This Agreement shall be approved by shareholders meetings of both companies and the shareholders meeting of each company shall authorize its board meeting to make necessary adjustments in accordance with applicable laws and regulations or this Agreement, including but not limited to the adjustment of the Share Swap Ratio and the Share Swap Effective Date.

#### Article 14 Cancellation and Defaults

- (1) Prior to the Share Swap Effective Date, upon the occurrence of any of the following events, the non-defaulting company may notify the other company in writing to cancel this Agreement:
  - a. cancellation by prior written agreement of both companies.
  - b. Where a company fails to perform or breaches any representations, warrants, undertakings or material terms hereunder, and further fails to rectify such default within 15 days upon written notice by the non-defaulting company. A company shall be deemed in violation of a material term hereunder if it without a justifiable reason refuses or delays cooperation in connection with the application process for regulatory approvals, permits or filings required for the Share Swap.
  - c. The conditions precedent to the Share Swap set forth in Article 9 are not fulfilled, and such conditions are not fulfilled or waived in accordance with Article 9 prior to the Share Swap Effective Date.
- (2) In case of cancellation of this Agreement under sub-paragraph b. above, the defaulting company shall compensate the non-defaulting company for any taxes, expenses, damages and losses arising therefrom, including but not limited to fees of lawyers, accountants, securities underwriters and so forth.
- (3) Upon cancellation of this Agreement, both companies shall immediately take necessary actions to stop the Share Swap, and either company may request the other company to, within 7 days upon cancellation, return or destroy documents, materials, files, objects, plans, trade secrets and other information obtained in accordance with this Agreement.

#### Article 15 Miscellaneous

- (1) This Agreement shall be governed and construed in accordance with the law of the Republic of China. Upon any dispute arising from interpretation or performance

of this Agreement, both companies agree to first negotiate in amicable ways to resolve the dispute; in case of failure to resolve the dispute and litigation follows, the Taipei District Court shall be the court of first instance.

- (2) If any term of this Agreement is invalid as a result of the conflict with applicable laws and regulations, the rest of this Agreement shall remain effective. The ineffective terms of this Agreement as a result of the conflict with applicable laws and regulations shall be amended by the boards of directors of both companies to that effect permitted by law. In case of failure to reach an agreement for amendment, the matter shall be handled in accordance with applicable laws and regulations. Regarding matters not provided herein or any change to the terms hereunder that is necessary due to instruction of relevant competent authorities or changes in objective and subjective circumstances, the boards of directors of both companies shall negotiate to reach an agreement as to how to handle the matter, and in case of failure to reach such agreement, the matter shall be handled in accordance with the instruction of the relevant competent authorities.
- (3) Unless agreed in writing by both companies, no amendment may be made to this Agreement.
- (4) Any notice under this Agreement shall be effective after being provided to the other company by registered mail or personal delivery. Either company shall immediately notify the other in writing of any change in its address, or such change shall not be effective against the other company.
- (5) The headings of this Agreement are for the purpose of convenience and reference only and shall not affect the interpretation of this Agreement.
- (6) Without obtaining prior written consent of the other company, neither company shall transfer any rights or obligations hereunder to other third parties.
- (7) Neither of the companies that is prevented from or delays in performing the obligations under this Agreement due to the following is required to assume any liability toward the other company: court judgment or order, order or official action of the relevant competent authorities, war, hostility, blockade, riot, revolution, strike, lockout, epidemic, fire, typhoon, tsunami, flood or other force majeure. Notwithstanding the above, either company shall notify the other company of the occurrence of an event of force majeure within three days of the notifying company's becoming aware of such occurrence. The above provision does not exempt either company from continuing to perform its obligations under this Agreement after the event of force majeure has ceased to exist. In case the event of force majeure lasts beyond 3 months, either company may cancel this Agreement by a written notice to the other company.

- (8) Unless otherwise provided under applicable laws and regulations or this Agreement, both companies agree to keep strictly confidential the documents, materials, files, objects, plans, trade secrets and other tangible and intangible information conveyed by or obtained from the other company for purpose of the Share Swap prior to the Share Swap Effective Date. Both companies shall be subject to the aforesaid confidentiality obligation after this Agreement is cancelled, revoked or otherwise ceases to exist.
- (9) The volume of treasury stocks that may be buy back by both companies after the record date for calculating the Share Swap Ratio and the method to handle such treasury stocks shall be determined by both companies in accordance with Article 8, applicable laws and regulations and the legal resolutions of both companies.
- (10) After signing this Agreement and prior to the Share Swap Effective Date, in case of any increase of entities of the Share Swap, both participating companies shall restart the legal procedures which have been previously completed.
- (11) Matters not provided herein may be separately agreed by both companies in writing in line with the principle of this Agreement.
- (12) This Agreement is made with duplicate originals and several copies, for each company to hold one original as evidence.

The companies:

Delta Electronics Inc.

Cyntec Co., Ltd.

Representative: Bruce CH Cheng

Representative: Chun-Tiao Liu

Address: 186 Ruey Kuang Road, Neihu,  
Taipei

Address: No. 2, Yanfa 2nd Road,  
Hsin-Chu Science Industrial Park

Uniform No.:34051920

Uniform No.:22099836

Date: October 30, 2009

**Opinions of Independent Expert on Reasonableness of Share Swap Ratio for  
the Share Swap Between Delta Electronics Inc. and Cyntec Co., Ltd.**

(Translation)

1. Delta Electronics Ltd. (hereinafter "Delta Electronics") is the world-wide leading vendor of power supply unit. The group operates in numerous areas including monitors, solar energy application, industrial automation and internet communication. Cyntec Co., Ltd. (hereinafter "Cyntec") is a manufacturer of professional passive components and other electronic components. Currently, 35.6% of Cyntec's share capital is owned by Delta Electronics. For Delta Electronics and Cyntec's pooling resources to expand operation scale, to lower management cost with a view to enhancing operating efficiency and to strengthen the competitiveness on global market, Delta Electronics intends to purchase all issued and outstanding shares of Cyntec, except for those already owned by Delta Electronics, to make Cyntec a wholly-owned subsidiary of Delta Electronics. Evaluation of the reasonableness of the share swap ratio for this share swap is as follows.
2. Summary of respective financial conditions of Delta Electronics and Cyntec as of September 30, 2009 are as follows:

Unit: Thousand New Taiwan dollar

Unit of Net Worth Per Share and Earnings Per Share is New Taiwan dollar.

Company Account	Delta Electronics	Cyntec
Total Assets	128,543,323	6,238,417
Total Liabilities	57,207,987	1,919,198
Parent Company's Shareholders' Equity	60,313,645	4,319,219
Paid-In Capital	22,535,240	2,003,778
Gross Revenue	89,134,337	3,652,205
After-Tax Net Profit	8,766,192	881,793
Net Worth Per Share	26.76	21.56

Earnings Per Share	3.92	4.44
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Resources: financial statements of Delta Electronics and Cyntec as of September 30, 2009.

3. For share price valuation, the valuation models include the Discounted Cash Flow Model (which determines the company's value by discounting to present value, in accordance with selected discount rate, cash flow generated by future operations of the target company) and the Financial Analysis Model (which analyzes the value by conducting financial analysis on price to earnings ratio, net worth ratio and other financial ratios of the target company), etc. Therefore, there are many models to calculate the share swap ratio. Among all, the Discounted Cash Flow Model is an important method used by academia, however, in practice, because the Discounted Cash Flow Model needs to use the anticipated amount of both companies' future cash flow, which involves more assumption, thus it has relatively higher uncertainty. Therefore, generally, share swap ratio is jointly determined by both companies in the strategic alliance pursuant to the range of share swap ratio calculated on the basis of mutually acceptable valuation basis, with reference to other critical factors. Thus, the two companies in this case reached an agreement to jointly determine the share swap ratio based on both companies' market share price, net worth per share and earnings per share, with reference to each company's current operation conditions, future prospect and other critical factors.
4. The possible range of share swap ratio calculated by us based on the valuation basis preliminarily agreed by Delta Electronics and Cyntec is set forth below:

(1) Net Worth Ratio Model

Company	Net Worth Per Share, as of September 30, 2009 (NT\$)(Note1)	Adjusted Net Worth Per Share, as of September 30, 2009 (NT\$)(Note 2)	Reference Share Swap Ratio
Delta Electronics	26.76	28.17	1
Cyntec	21.56	22.26	1.27

Sources : Financial statements of Delta Electronics and Cyntec as of September 30, 2009.

Note 1 : As of September 30, 2009, both companies have no treasury shares and have no unconverted convertible corporate bonds.

Note 2. Net Worth Per Share is adjusted in accordance with the following factors:

- (1) Considering the impact arising from the exercise of exercisable employee stock option issued by Delta Electronics as of September 30, 2009, totaling 57,833,000 shares.
- (2) Considering the impact arising from the exercise of exercisable employee stock option issued by Cyntec as of September 30, 2009, totaling 9,000,000 shares.

(2) Market Price Ratio Model

Average closing prices of shares of Delta Electronics and Cyntec during 10, 20 and 30 business days prior to October 29, 2009 (inclusive) and their reference share swap ratios are as follows:

	Delta Electronics	Cyntec	Reference Share Swap Ratio
Average closing price during 10 business days prior to October 29, 2009 (inclusive) (Note)	93.69	73.70	1.27
Average closing price during 20 business days prior to October 29, 2009 (inclusive) (Note)	92.73	72.24	1.28
Average closing price during 30 business days prior to October 29, 2009 (inclusive) (Note)	92.23	71.81	1.28
Range of Reference Share Swap Ratio	1.27 ~ 1.28		

Sources: Taiwan Economic Journal Database and data complied by the independent expert.

Note: After considering the effect of ex-right/ex-dividend in year 2008.

(3) Earnings Per Share Model

	Delta Electronics	Cyntec
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Most Recent Four Quarters (2008 Q4~2009 Q3)EPS (Note)	4.55	4.60
Reference Share Swap Ratio	0.99	

Sources : Financial statements of Delta Electronics and Cyntec for the periods of the fourth quarter of 2008 to the third quarter of 2009.

Note : The EPS in the most recent four quarters equals to the total after-tax net profit in such four quarters divided by the adjusted number of common shares as of September 30, 2009. Adjusted number of common share as of September 30, 2009 is calculated in accordance with the following factors:

- (1) Considering the impact on the number of common shares arising from the exercise of exercisable employee stock option issued by Delta Electronics as of September 30, 2009, totaling 57,833,000 shares.
- (2) Considering the impact on the number of common shares arising from the exercise of exercisable employee stock option issued by Cyntec as of September 30, 2009, totaling 9,000,000 shares.
- (3) Considering the impact on the number of common shares by the capital increase made by both companies from capitalization of their respective profits and capital reserve in year 2008.

## 5. Summary of Range of Share Swap Ratio

### (1) Preliminary Summary of Theoretical Price

Valuation Model	Result of Calculation (NT Dollar / Per Share)		Reference Share Swap Ratio (Range)
	Delta Electronics	Cyntec	Delta Electronics : Cyntec
Net Worth Model	28.17	22.26	1:1.27
Market Price Model	92.23 ~ 93.69	71.81 ~ 73.70	1:1.27 ~ 1:1.28
Earnings Per Share Model	4.55	4.60	1:0.99

### (2) Non-Quantifiable Factors For Adjustment

In addition to the aforesaid models for assessment of range of share swap ratio between Delta Electronics and Cyntec, other factors including both companies' current operating condition, future prospect, synergy of cooperation, transfer of control of Cyntec and other non-quantifiable factors are generally considered for the adjustment of range of share swap ratio between Delta Electronics and Cyntec. Appropriate premium shall be given after considering such factors. The share swap ratio between Delta Electronics and Cyntec generally adjusted by aforesaid non-quantifiable factors is set forth below:

Valuation Model	Result of Calculation (NT Dollar/Per Share)		Reference Share Swap Ratio (Range) (Before the Adjustment of Non-Quantifiable Factors)	Reference Share Swap Ratio (Range) (After the Adjustment of Non-Quantifiable Factors)
	Delta Electronics	Cyntec	Delta Electronics: Cyntec	Delta Electronics: Cyntec
Net Worth Model	28.17	22.26	1:1.27	1:1.15
Market Price Model	92.23 ~ 93.69	71.81 ~ 73.70	1:1.27 ~ 1: 1.28	1:1.15 ~ 1:1.16
Earnings Per Share Model	4.55	4.60	1: 0.99	1:0.90

6. After analyzing the market share price, net worth per share and earnings per share based on quantifiable figures and objective market information of Delta Electronics and Cyntec, and further understanding both companies' current operating condition and future prospect and considering the non-quantifiable factors for adjustment, the appraiser recommends that the reasonable range of share swap ratio between Delta Electronics and Cyntec's shall be Delta Electronics: Cyntec = 1:0.90 ~ 1.16. The appraiser, after evaluation, considers that the proposed share swap ratio of this case, i.e., 1:1.07, which is within the aforesaid range, is reasonable.

Appraiser: Tsung-Li Li

October 29, 2009

## **Statement of Independence of Financial Expert**

(Translation)

I was mandated to issue opinions on the reasonableness of the share swap ratio under the proposal share swap transaction between Delta Electronics and Cyntec.

I hereby represent, for the performance of the aforesaid work, that none of the following circumstances has occurred to me:

1. I or my spouse is currently employed by the issuer or the underwriter for a regular job and receives fixed remuneration;
2. I or my spouse has ever been the employee of the issuer or the underwriter within two years;
3. The company by which I or my spouse is employed and the issuer or the underwriter is a related party to each other;
4. the responsible person or officer of the issuer or the underwriter is my spouse or my relative within the second degree of kinship/relationship;
5. I or my spouse has investment or profit-sharing relationship with the issuer or the underwriter;
6. I am currently the director or supervisor of Taiwan Securities Exchange Corporation or the aforementioned persons are my spouse or my relatives within the second degree of kinship/relationship.
7. The company by which I or my spouse is employed has business relationship with the issuer.

For the share swap transaction between Delta Electronics and Cyntec, I issue the expert evaluation opinions with objectivity and independence.

Appraiser: Tsung-Li Li

October 29, 2009

## Resume of Independent Expert

Name: Tsung-Li Li

Date of Birth: March 23, 1952

Home Town: Taipei City

ID Number: A10178\*\*\*\*

### Education:

National Taiwan University, Department of Commerce, Division of International Trade

National Taiwan University School of Commerce

Drexel University, USA, MBA

University of Pennsylvania, Wharton School, PhD program

### Experience:

Executive Director, CPA Association, Republic of China, 1992 – 1995

Chairman, Professional Education Committee, CPA Association, Republic of China, 1992 – 1995

Vice Chairman, Business Assessment Committee, CPA Association, Republic of China, 1992 – 2000

### Current Position:

Chairman, Cheng-Yeh United Accounting Firm, since 1983

## Attachment 3

### **Shareholders' Meeting Rules and Procedures of Delta Electronics, Inc.** (Translation)

Passed by general shareholders' meeting on March 19, 1988

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

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

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

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

#### **Article 1**

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

#### **Article 2**

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

#### **Article 3**

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

All shareholders shall be notified of a general shareholders' meeting at least 30 days in advance. Those shareholders each holding less than 1,000 registered shares may be notified by means of an announcement on the Market Observation Post System Website 30 days in advance of the meeting.

All shareholders shall be notified of a special shareholders' meeting at least 15 days in advance. Those shareholders each holding less than 1,000 registered shares may be notified by means of an announcement on the Market Observation Post System Website 15 days in advance of the meeting. Notification and announcements shall state the reasons for the meeting.

The election or discharge of directors and supervisors, the amendment of this Company's Articles of Incorporation, the dissolution, merger, or spin-off of the

Company, or the matters specified in Article 185, Paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law shall be listed among the reasons for the meeting, and may not be proposed as provisional motions.

#### **Article 4**

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

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

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

#### **Article 5**

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

#### **Article 6**

The Company shall provide a sign-in book allowing attending shareholders or their appointed proxies (hereafter referred to as "shareholders") to sign in or require attending shareholders to submit attendance cards in lieu of signing in.

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

Shareholders shall be admitted to the shareholders' meeting on the basis of attendance passes, attendance cards, or other attendance documents; those persons soliciting proxy forms shall be required to present identification documents for checking identities.

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

#### **Article 7**

If a shareholders' meeting is convened by the Board of Directors, the Chairman of the

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

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

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

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

#### **Article 8**

The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be preserved for at least one year. However, the said tapes shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.

#### **Article 9**

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

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

If after two postponements the number of attending shares represented by the



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

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

#### **Article 10**

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

The above provision applies *mutatis mutandis* to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting. Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including provisional motions) listed in the agenda are completed. If the chairman announces the adjournment of the meeting in violation of these Rules and Procedures, other members of the Board of Directors shall promptly assist the attending shareholders to elect, by a majority of votes represented by attending shareholders in the meeting, another person to serve as chairman and continue the meeting in accordance with due procedures.

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

#### **Article 11**

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

If any attending shareholder at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail. The same shareholder may

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

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

When a legal-entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for each agenda item. The chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.

## **Article 12**

Voting at a shareholders' meeting shall be based on number of shares. The shares of shareholders with no voting rights shall not be included in the total number of issued and outstanding shares when voting on resolutions. If there is concern that a shareholder's interest may conflict with and adversely affect the Company's interests with regard to any matters discussed at the meeting, that shareholder may not participate in voting, and may not represent another shareholder to exercise his or her voting rights.

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

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

## **Article 13**

Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights are restricted or who have no voting rights. Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all attending shareholders after solicitation by the chairman. If there is any objection, the agenda item shall be put to a vote by casting ballots in

accordance with the foregoing paragraph.

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

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

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

#### **Article 14**

If the election of directors and supervisors is conducted at a shareholders' meeting, such an election shall be performed in accordance with the Company's Director and Supervisor Election Regulations, and the results must be announced at the meeting. The ballots cast in the election in the foregoing paragraph must be given proper safekeeping and kept for at least one year. If a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law, ballots shall be kept until the end of the lawsuit.

#### **Article 15**

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

With regard to the issue of minutes in the foregoing paragraph, the minutes may be distributed to those shareholders who each hold less than 1,000 registered and outstanding shares in the form of an announcement on the Market Observation Post System Website.

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

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

in the minutes.

#### **Article 16**

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

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

#### **Article 17**

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

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

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

#### **Article 18**

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

Before the agenda set for the shareholders' meeting are completed, if the meeting place cannot continue to be used for the meeting, then, by resolution of the shareholders, another place may be sought to resume the meeting. The shareholders may resolve to postpone or resume the meeting within five days in accordance with Article 182 of the Company Law.

#### **Article 19**

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

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

**Section I - General Provisions**

**Article 1**

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

**Article 2**

The Company is engaged in the following businesses:

1. CC01010 Electronic power generating, Electric transmission and power distributing machinery manufacturing business;
2. CC01030 Electric appliance and audiovisual electric products manufacturing business;
3. CC01040 Lighting equipment manufacturing business;
4. CC01060 Wire communication equipment and apparatus manufacturing business;
5. CC01080 Electronic parts and components manufacturing business;
6. CC01990 Other electrical and electronic machinery and materials manufacturing business;
7. CE01030 Photographic and Optical Equipment Manufacturing business;
8. CB01990 Other machinery manufacturing business;
9. CD01030 Automobiles and auto-parts manufacturing business;
10. CD01040 Motorcycles and motorcycle parts manufacturing business;
11. CD01050 Bicycles and bicycle parts manufacturing business;
12. E605010 Computer equipment installation business;
13. E603050 Automation control equipment manufacturing business;
14. I1501010 Product external appearance designing business;

15. I599990 Other design business;
16. F219010 Electronic components and materials retail business;
17. F119010 Electronic components and materials wholesale business;
18. CC01090 Batteries manufacturing business;
19. CC01070 Wireless communication devices and equipment manufacturing business;
20. F113070 Telecommunication equipment wholesale business;
21. F213060 Telecommunication equipment retail business;
22. CC01101 Restrained telecommunication radio frequency equipment and materials manufacturing;
23. F113020 Electrical appliances wholesale business;
24. F113050 Computer and Office appliances and equipment wholesale business;
25. F213010 Electrical appliances retail business;
26. F213030 Computer and Office appliances and equipment retail business;
27. F401010 International trade business;
28. G801010 Warehousing and storage business;
29. E701010 Telecommunication engineering and construction business;
30. I301010 Software design and service business;
31. CF01011 Medical appliances and equipment business;
32. CB01010 Machinery equipment manufacturing business;
33. CE01040 Clocks and Watches manufacturing business;
34. CC01110 Computers and its peripheral equipment manufacturing business;
35. CE01010 General equipment and instruments manufacturing business;
36. F401021 Restricted telecommunication radio frequency equipment and materials import business;
37. CD01010 Ship and parts manufacturing business;
38. CD01020 Tramway Cars manufacturing business;
39. CD01060 Aircraft and parts manufacturing business;
40. CD01990 Other transportation equipment and parts manufacturing business;
41. F108031 Drugs and medical goods wholesale business;

- 42.F118010 Computer software wholesale business;
- 43.F208031 Medical equipment retail business;
- 44.F218010 Computer software retail business;
- 45.I301020 Data processing services business;
- 46.I301030 Digital information supply services business;
- 47.IG03010 Energy technical services business;
- 48.ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.

### **Article 3**

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

### **Article 4**

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

### **Article 4-1**

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

## **Section II - Capital Stock**

### **Article 5**

The total capital stock of the Company shall be in the amount of NT\$27,000,000,000, divided into 2,700,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of the Board of Directors. Within the aforementioned capital, NT\$1,000,000,000 divided into 100,000,000 shares shall be reserved for issuing warrants, preferred shares with warrants or corporate bonds with warrants.

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

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

#### **Article 5-1**

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

#### **Article 5-2**

Deleted

#### **Article 6**

Subject to the Company Law or other related regulations, the stock certificates of the Company may be printed in combination form for the aggregate number of shares issued for each installment or may be made without physical certificates. However, the stock of the Company shall be registered with the securities centralized depository institution.

#### **Article 6-1**

Deleted

#### **Article 7**

Unless otherwise provided for in applicable laws, regulations and rulings stipulated by the competent securities authority, the Company shall handle its stock affairs for shareholders in accordance with the Company Law and the -Regulations Governing Handling of Stock Affairs by Public Companies.

#### **Article 8**

Deleted

#### **Article 9**

Deleted

#### **Article 10**

Deleted

#### **Article 11**

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



scheduled for distribution by the Company.

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

#### **Article 12**

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

#### **Article 13**

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

#### **Article 14**

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

#### **Article 15**

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

#### **Article 16**

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

#### **Article 17**

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes and signed or sealed by the chairman of the meeting, which shall be distributed to each shareholder within twenty (20) days after the meeting. The minutes shall record the key contents and the results of the meeting. The minutes, the sign-in -book of attending shareholders and proxy forms shall be kept in the Company. For each registered shareholder whose shareholding is less than one thousand shares, the distribution of meeting minutes may be effected by means of a public announcement.

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

#### **Section IV - Directors and Supervisors**

##### **Article 18**

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

To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least one but no more than three independent directors. The independent directors shall be elected from among the nominees listed in the roster of independent director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall be subject to the regulations prescribed by the Company Law and the securities authority.

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

Remuneration for directors and supervisors shall be determined by the shareholders' meeting.

The Company may purchase liability insurance for its directors and supervisors.

##### **Article 19**

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

##### **Article 20**

If the re-election of directors and supervisors is not held before the current term of office expires, the incumbent directors and supervisors shall hold office until their successors have been elected and have assumed their office.

##### **Article 21**

The Board of Directors shall be formed by directors. The directors shall elect from among themselves the Chairman of the Board of Directors by a majority of votes cast by the directors present at the meeting attended by at least two-thirds of the directors,

and such method may apply to the election of vice-Chairman. The Chairman and vice-Chairman shall conduct the business of the Company in accordance with applicable laws and regulations, these Articles of Incorporation of the Company, the resolutions adopted at shareholders' meetings and the resolutions adopted by the Board of Directors.

#### **Article 21-1**

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

#### **Article 22**

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

#### **Article 22-1**

The meeting of Board of Directors shall be convened in accordance with Article 204 of the Company Law. In the event of emergency, the notice of the meeting of the Board of Directors may be made by phone, facsimile or e-mail rather than in writing.

#### **Article 23**

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

#### **Article 24**

Resolutions adopted at the meeting of the Board of Directors shall be recorded in the minutes and signed or sealed by the chairman of the meeting and the recorder. The minutes shall be distributed to each director and supervisor within twenty (20) days after the meeting. The minutes shall be classified as important files of this Company

and shall be well preserved during the existence of the Company. The required items of the minutes shall be subject to the Company Law and the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

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

#### **Article 25**

The supervisors, in addition to independently exercising their supervising powers according to applicable laws, may attend meetings of the Board of Directors to voice their opinions (but shall not be entitled to participate in voting).

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

#### **Article 26**

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

#### **Article 27**

Deleted

#### **Article 28**

Deleted

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

#### **Article 29**

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

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

#### **Article 30**

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

1. Paying tax;
2. Making up losses for preceding years;

3. Setting aside a legal reserve at 10% of the earnings;
4. Setting aside a special reserve when necessary;
5. The balance after the abovementioned payments are made, together with the undistributed earnings as of the beginning of that fiscal year, shall be allocated pursuant to resolution of the shareholders' meeting in the following order for that fiscal year:
  - (1) no more than 1% as the remuneration for directors and supervisors;
  - (2) at least 3% as the employee bonuses; when bonuses are distributed in the form of stock, persons eligible for such distribution shall include employees of the Company's subsidiaries who meet certain qualifications. The Board of Directors, or persons authorized by the Board of Directors, shall stipulate relevant regulations for distribution of employee bonuses; and
  - (3) the shareholders' dividends: the balance after deducting the preceding two items thereof shall then be allocated as dividends to the shareholders.

#### **Article 30-1**

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

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

### **Section VII - Supplementary Provisions**

#### **Article 31**

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

#### **Article 32**

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

#### **Article 33**

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

The first amendment was made on September 25, 1976;

The second amendment was made on January 10, 1977;

The third amendment was made on May 31, 1977;  
The fourth amendment was made on May 29, 1978;  
The fifth amendment was made on March 31, 1979;  
The sixth amendment was made on May 28, 1979;  
The seventh amendment was made on September 20, 1980;  
The eighth amendment was made on September 9, 1982;  
The ninth amendment was made on April 20, 1983;  
The tenth amendment was made on June 25, 1984;  
The eleventh amendment was made on June 10, 1985;  
The twelfth amendment was made on June 20, 1985;  
The thirteenth amendment was made on July 12, 1985;  
The fourteenth amendment was made on April 18, 1987;  
The fifteenth amendment was made on May 12, 1987;  
The sixteenth amendment was made on November 17, 1987;  
The seventeenth amendment was made on December 11, 1987;  
The eighteenth amendment was made on March 19, 1988;  
The nineteenth amendment was made on May 12, 1988;  
The twentieth amendment was made on July 24, 1988;  
The twenty-first amendment was made on November 25, 1988;  
The twenty-second amendment was made on May 22, 1989;  
The twenty-third amendment was made on May 9, 1990;  
The twenty-fourth amendment was made on May 8, 1991;  
The twenty-fifth amendment was made on May 8, 1992;  
The twenty-sixth amendment was made on May 8, 1993;  
The twenty-seventh amendment was made on May 9, 1994;  
The twenty-eighth amendment was made on May 10, 1995;  
The twenty-ninth amendment was made on June 6, 1996;  
The thirtieth amendment was made on June 3, 1997;  
The thirty-first amendment was made on May 15, 1998;  
The thirty-second amendment was made on May 12, 1999;

The thirty-third amendment was made on May 18, 2000;  
The thirty-fourth amendment was made on May 16, 2001;  
The thirty-fifth amendment was made on May 16 2002;  
The thirty-sixth amendment was made on May 6, 2003;  
The thirty-seventh amendment was made on May 18, 2004;  
The thirty-eighth amendment was made on May 19, 2005;  
The thirty-ninth amendment was made on May 18, 2006; and  
The fortieth amendment was made on June 8, 2007.  
The forty-first amendment was made on June 13, 2008.  
The forty-second amendment was made on June 10, 2009.

Attachment 5

**Shareholdings of All Directors and Supervisors  
(Translation)**

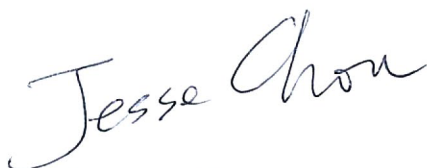
1. In accordance with Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Shareholding Ratios of Directors and Supervisors at Public Companies:
  - (1) The total shareholdings of all directors at the Company may not be less than 3% of the Company's total issued shares, and thus may not be less than 67,605,719 shares.
  - (2) The total shareholdings of all supervisors at the Company may not be less than 0.3% of the Company's total issued shares, and thus may not be less than 6,760,572 shares.
  
2. As of the book closing date of this extraordinary shareholders' meeting, the Company's directors and supervisors had the following shareholdings as recorded in the shareholders register:

Title	Name	Current shareholdings	
		Number of Shares	Percentage
Chairman	Bruce CH Cheng	137,679,359	6.110%
Vice Chairman	Yancey Hai	939,171	0.042%
Director	Mark Ko	1,483,070	0.066%
Director	Raymond R Y Hsu	2,280,364	0.101%
Director	Fred Chai Yan Lee	0	0%
Director	Ping Chen	7,466,486	0.331%
Director	Ming-Chun Chang	1,130,510	0.050%
Director	Shui-Hai Chang	994,220	0.044%
Independent Director	Yi Chiang Lo	265,120	0.012%



Shareholdings of all directors		152,238,300	6.756%
Supervisor	E-Ying Hsieh	44,615,286	1.980%
Supervisor	Chung-Hsing Huang	0	0%
Shareholdings of all supervisors		44,615,286	1.980%

Note: This Company had a total of 2,253,523,956 issued shares as of the book closing date of this extraordinary shareholders meeting.



**Jesse Chou**

Senior Director

Corporate Communications

Delta Electronics, Inc.