



**2018 Annual General Shareholders' Meeting
Handbook
(Translation)**

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

Date of the Meeting: June 11, 2018 at 10:00 a.m.

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

Handbook for the 2018 Annual General Shareholders' Meeting of Delta Electronics, Inc.

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Note: The Company's 2017 Parent Company Only Financial Statements, 2017 Consolidated Financial Statements and 2018 Annual General Shareholders' Meeting Handbook are available on the "Market Observation Post System" website; please visit <http://mops.twse.com.tw/> for details.

I. MEETING PROCEDURES

Procedures of Delta Electronics, Inc. 2018 Annual General Shareholders' Meeting

1. Call Meeting to order
2. Chairman takes his place
3. All rise
4. Singing of national anthem
5. Three respectful bows to the national flag and portrait of Dr. Sun Yat-Sen
6. Chairman's address
7. Report items
8. Proposal items
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II. MEETING AGENDA

1. Report Items

- (1) 2017 Operation Results
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 - g) Consolidated Balance Sheet as of December 31, 2017
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- (3) Audit Committee's Review Opinions on 2017 annual final accounting books and statements
See Appendix 4: Audit Committee's Review Opinions on 2017 annual final accounting books and statements

- (4) Report on 2017 Employees' and Directors' Compensation
The Company's annual profit in 2017 is NT\$21,785,747,927, of which 8% is allocated as the employees' compensation in cash totaling NT\$1,746,152,433 and 0.16% is allocated as the directors' compensation totaling NT\$35,400,000.

- (5) Report on Short-form Merger between Delta Electronics, Inc. and Delta Green Life Co., Ltd. In order to streamline Delta group and protect customers' rights, the Company will merge with its 100% owned subsidiary Delta Green Life Co., Ltd. pursuant to Article 19 of the Business Mergers And Acquisitions Act upon the resolution passed by both Boards of Directors held on April 30, 2018. The effective date of the merger is purposed to be on August 1, 2018. Upon the merger, the Company is the surviving company, while Delta Green Life Co., Ltd. is the dissolved company.

2. Proposal Items

(1) Adoption of the 2017 Annual Final Accounting Books and Statements (Proposed by the Board of Directors)

- Explanation: a) This Company's 2017 Annual Final Accounting Books and Statements, including the Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements (please refer to Appendix 1~3), have been reviewed by the Company's Audit Committee. The Company's Audit Committee has found no discrepancies after a thorough review and has made a written review report.
- b) It is proposed by the Board of Directors to submit the 2017 Annual Final Accounting Books and Statements to the shareholders' meeting for adoption.

(2) Adoption of the 2017 Earnings Distribution (Proposed by the Board of Directors)

- Explanation: a) The 2017 Earnings Distribution Table is compiled as follows in accordance with Company Act and the Company's Articles of Incorporation and has been approved by the Audit Committee and the Board of Directors on March 8, 2018.
- b) The Board of Director proposed to set aside NT\$12,987,716,645 for cash dividends. Subject to the approval of Annual General Shareholders' Meeting, the Board of Directors would be authorized to set a record date on which the proposed cash dividend would be distributed according to the shareholding ratio of shareholders appeared in the register of shareholders on the designated record date of distribution. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of approximately NT\$ 5,000 per thousand shares will be distributed. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and employee stock options), it is proposed that the Board of Directors be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- c) It is proposed by the Board of Directors to submit the 2017 Earnings Distribution to the shareholders' meeting for adoption.

Delta Electronics, Inc.
2017 Earnings Distribution Table

Item	Description	Amount
		Unit: NT\$
Net profit after tax for the year 2017		18,380,551,928
Subtract: Setting aside 10% legal reserve		1,838,055,193
Setting aside special reserves		4,320,392,889
Earnings available for distribution by the end of 2017		12,222,103,846
Add: Retained earnings in the beginning of 2017		14,807,881,689
Subtract: Actuarial losses on defined benefit plan		101,994,759
Difference between consideration and carrying amount in non-controlling interest transactions		4,214,652
Earnings available for distribution by the end of the fiscal year (Note 1)		26,923,776,124
Distribution Items:		
Shareholders' dividends - Cash	NT\$5.0 per share	12,987,716,645
Undistributed earnings by the end of 2017		13,936,059,479

(Note 1) The principle of 2017 earnings distribution: Earnings available for distribution by the end of the fiscal year shall be distributed first.

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

3. Discussion Items

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

Explanation: (a) In order to accommodate the Company's business practice, it is proposed to amend certain provisions of the Articles of Incorporation. Please see the comparison table of revised articles of the Articles of Incorporation for the detailed revisions.

(b) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Articles of Incorporation

Article after revision	Article before revision	Explanation
<p>Article 2 The Company is engaged in the following businesses:</p> <ol style="list-style-type: none"> <u>1.</u> C801010 Basic Industrial Chemical Manufacturing; <u>2.</u> C801990 Other Chemical Materials Manufacturing; <u>3.</u> C802120 Industrial Catalyst Manufacturing; <u>4.</u> CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified; <u>5.</u> CA04010 Metal Surface Treating; <u>6.</u> CB01010 Machinery and Equipment Manufacturing; <u>7.</u> CB01071 Frozen and Air-Conditioning Equipment Manufacturing; <u>8.</u> CB01990 Other Machinery Manufacturing Not Elsewhere Classified; <u>9.</u> CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing; 	<p>Article 2 The Company is engaged in the following businesses:</p> <ol style="list-style-type: none"> <u>1.</u> <u>A101020 Food Crops;</u> <u>2.</u> <u>A101030 Special Crops;</u> <u>3.</u> <u>A102020 Agricultural Products Preparations;</u> <u>4.</u> <u>A102080 Horticulture;</u> <u>5.</u> <u>A199990 Other Agriculture;</u> <u>6.</u> C801010 Basic Industrial Chemical Manufacturing; <u>7.</u> C801990 Other Chemical Materials Manufacturing; <u>8.</u> C802120 Industrial Catalyst Manufacturing; <u>9.</u> CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified; <u>10.</u> CA04010 Metal Surface Treating; <u>11.</u> CB01010 Machinery and Equipment Manufacturing; <u>12.</u> CB01071 Frozen and Air-Conditioning Equipment Manufacturing; <u>13.</u> CB01990 Other Machinery Manufacturing Not 	<p>In accordance with the Company's business needs.</p>

<p><u>10.</u> CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing;</p> <p><u>11.</u> CC01040 Lighting Facilities Manufacturing;</p> <p><u>12.</u> CC01060 Wired Communication Equipment and Apparatus Manufacturing;</p> <p><u>13.</u> CC01070 Telecommunication Equipment and Apparatus Manufacturing;</p> <p><u>14.</u> CC01080 Electronic Parts and Components Manufacturing;</p> <p><u>15.</u> CC01090 Batteries Manufacturing;</p> <p><u>16.</u> CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing;</p> <p><u>17.</u> CC01110 Computers and Computing Peripheral Equipments Manufacturing;</p> <p><u>18.</u> CC01120 Data Storage Media Manufacturing and Duplicating;</p> <p><u>19.</u> CC01990 Electrical Machinery, Supplies Manufacturing;</p> <p><u>20.</u> CD01010 Ship and Parts Manufacturing;</p> <p><u>21.</u> CD01020 Tramway Cars Manufacturing;</p> <p><u>22.</u> CD01030 Automobiles and Parts Manufacturing;</p> <p><u>23.</u> CD01040 Motor Vehicles and Parts Manufacturing;</p> <p><u>24.</u> CD01050 Bicycles and Parts Manufacturing;</p>	<p>Elsewhere Classified;</p> <p><u>14.</u> CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing;</p> <p><u>15.</u> CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing;</p> <p><u>16.</u> CC01040 Lighting Facilities Manufacturing;</p> <p><u>17.</u> CC01060 Wired Communication Equipment and Apparatus Manufacturing;</p> <p><u>18.</u> CC01070 Telecommunication Equipment and Apparatus Manufacturing;</p> <p><u>19.</u> CC01080 Electronic Parts and Components Manufacturing;</p> <p><u>20.</u> CC01090 Batteries Manufacturing;</p> <p><u>21.</u> CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing;</p> <p><u>22.</u> CC01110 Computers and Computing Peripheral Equipments Manufacturing;</p> <p><u>23.</u> CC01120 Data Storage Media Manufacturing and Duplicating;</p> <p><u>24.</u> CC01990 Electrical Machinery, Supplies Manufacturing;</p> <p><u>25.</u> CD01010 Ship and Parts Manufacturing;</p> <p><u>26.</u> CD01020 Tramway Cars Manufacturing;</p>	
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<p><u>25.</u> CD01060 Aircraft and Parts Manufacturing;</p> <p><u>26.</u> CD01990 Other Transport Equipment and Parts Manufacturing;</p> <p><u>27.</u> CE01010 Precision Instruments Manufacturing;</p> <p><u>28.</u> CE01021 Metrological Instruments Manufacturing;</p> <p><u>29.</u> CE01030 Photographic and Optical Equipment Manufacturing;</p> <p><u>30.</u> CE01040 Watches and Clocks Manufacturing;</p> <p><u>31.</u> CE01990 Other Photographic and Optical Instruments Manufacturing;</p> <p><u>32.</u> CF01011 Medical Materials and Equipment Manufacturing</p> <p><u>33.</u> <u>CQ01010 Die Manufacturing;</u></p> <p><u>34.</u> E599010 Pipe Lines Construction;</p> <p><u>35.</u> E601010 Electric Appliance Construction;</p> <p><u>36.</u> E601020 Electric Appliance Installation;</p> <p><u>37.</u> E602011 Frozen and Air-conditioning Engineering;</p> <p><u>38.</u> E603010 Cables Construction;</p> <p><u>39.</u> E603040 Fire Fighting Equipments Construction;</p> <p><u>40.</u> E603050 Cybernation Equipments Construction;</p> <p><u>41.</u> E603090 Illumination Equipments Construction;</p> <p><u>42.</u> E604010 Machinery Installation Construction;</p> <p><u>43.</u> E605010 Computing Equipments Installation Construction;</p>	<p><u>27.</u> CD01030 Automobiles and Parts Manufacturing;</p> <p><u>28.</u> CD01040 Motor Vehicles and Parts Manufacturing;</p> <p><u>29.</u> CD01050 Bicycles and Parts Manufacturing;</p> <p><u>30.</u> CD01060 Aircraft and Parts Manufacturing;</p> <p><u>31.</u> CD01990 Other Transport Equipment and Parts Manufacturing;</p> <p><u>32.</u> CE01010 Precision Instruments Manufacturing;</p> <p><u>33.</u> CE01021 Metrological Instruments Manufacturing;</p> <p><u>34.</u> CE01030 Photographic and Optical Equipment Manufacturing;</p> <p><u>35.</u> CE01040 Watches and Clocks Manufacturing;</p> <p><u>36.</u> CE01990 Other Photographic and Optical Instruments Manufacturing;</p> <p><u>37.</u> CF01011 Medical Materials and Equipment Manufacturing</p> <p><u>38.</u> E599010 Pipe Lines Construction;</p> <p><u>39.</u> E601010 Electric Appliance Construction;</p> <p><u>40.</u> E601020 Electric Appliance Installation;</p> <p><u>41.</u> E602011 Frozen and Air-conditioning Engineering;</p> <p><u>42.</u> E603010 Cables Construction;</p> <p><u>43.</u> E603040 Fire Fighting Equipments Construction;</p> <p><u>44.</u> E603050 Cybernation Equipments Construction;</p> <p><u>45.</u> E603090 Illumination Equipments</p>	
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<p><u>44.</u> E701010 Telecommunications Construction;</p> <p><u>45.</u> E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction;</p> <p><u>46.</u> EZ05010 Apparatus Installation Construction;</p> <p><u>47.</u> EZ14010 Sports Ground Equipments Construction;</p> <p><u>48.</u> F101130 Wholesale of Vegetable and Fruits;</p> <p><u>49.</u> F106030 Wholesale of Die;</p> <p><u>50.</u> F106040 Wholesale of Water Containers;</p> <p><u>51.</u> F108031 Wholesale of Drugs, Medical Goods;</p> <p><u>52.</u> F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p><u>53.</u> F113010 Wholesale of Machinery;</p> <p><u>54.</u> F113020 Wholesale of Household Appliance;</p> <p><u>55.</u> F113030 Wholesale of Precision Instruments;</p> <p><u>56.</u> F113050 Wholesale of Computing and Business Machinery Equipment;</p> <p><u>57.</u> F113060 Wholesale of <u>Metrological Instruments;</u></p> <p><u>58.</u> F113070 Wholesale of Telecom Instruments;</p> <p><u>59.</u> F113110 Wholesale of Batteries;</p> <p><u>60.</u> F118010 Wholesale of Computer Software;</p> <p><u>61.</u> F119010 Wholesale of Electronic</p>	<p>Construction;</p> <p><u>46.</u> E604010 Machinery Installation Construction;</p> <p><u>47.</u> E605010 Computing Equipments Installation Construction;</p> <p><u>48.</u> E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction;</p> <p><u>49.</u> EZ05010 Apparatus Installation Construction;</p> <p><u>50.</u> EZ14010 Sports Ground Equipments Construction;</p> <p><u>51.</u> <u>F101080 Wholesale of Seedling;</u></p> <p><u>52.</u> F101130 Wholesale of Vegetable and Fruits;</p> <p><u>53.</u> F106040 Wholesale of Water Containers;</p> <p><u>54.</u> F108031 Wholesale of Drugs, Medical Goods;</p> <p><u>55.</u> F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p><u>56.</u> F113010 Wholesale of Machinery;</p> <p><u>57.</u> F113020 Wholesale of Household Appliance;</p> <p><u>58.</u> F113030 Wholesale of Precision Instruments;</p> <p><u>59.</u> F113050 Wholesale of Computing and Business Machinery Equipment;</p> <p><u>60.</u> F113070 Wholesale of Telecom Instruments;</p> <p><u>61.</u> F113110 Wholesale of Batteries;</p> <p><u>62.</u> F118010 Wholesale of Computer Software;</p> <p><u>63.</u> F119010 Wholesale of Electronic</p>	
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<p>Materials;</p> <p><u>62.</u> F199990 Other Wholesale Trade;</p> <p><u>63.</u> F201010 Retail sale of Agricultural Products;</p> <p><u>64.</u> F206030 Retail Sale of Die;</p> <p><u>65.</u> F208031 Retail sale of Medical Equipments;</p> <p><u>66.</u> F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p><u>67.</u> F213010 Retail Sale of Household Appliance;</p> <p><u>68.</u> F213030 Retail sale of Computing and Business Machinery Equipment;</p> <p><u>69.</u> <u>F213050 Retail Sale of Metrological Instruments;</u></p> <p><u>70.</u> F213060 Retail Sale of Telecom Instruments;</p> <p><u>71.</u> F213110 Retail Sale of Batteries;</p> <p><u>72.</u> F217010 Retail Sale of Fire Fighting Equipments;</p> <p><u>73.</u> F218010 Retail Sale of Computer Software;</p> <p><u>74.</u> F219010 Retail Sale of Electronic Materials;</p> <p><u>75.</u> F399040 Retail Business Without Shop;</p> <p><u>76.</u> F401010 International Trade;</p> <p><u>77.</u> F401021 Restrained Telecom Radio Frequency Equipments and Materials Import;</p> <p><u>78.</u> F401181 Metrological Instruments Importing;</p> <p><u>79.</u> F601010 Intellectual Property;</p> <p><u>80.</u> G801010 Warehousing and Storage;</p>	<p>Materials;</p> <p><u>64.</u> F199990 Other Wholesale Trade;</p> <p><u>65.</u> F201010 Retail sale of Agricultural Products;</p> <p><u>66.</u> F201990 Retail Sale of Other <u>Agricultural, Husbandry and Aquatic Products;</u></p> <p><u>67.</u> F208031 Retail sale of Medical Equipments;</p> <p><u>68.</u> F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p><u>69.</u> F213010 Retail Sale of Household Appliance;</p> <p><u>70.</u> F213030 Retail sale of Computing and Business Machinery Equipment;</p> <p><u>71.</u> F213060 Retail Sale of Telecom Instruments;</p> <p><u>72.</u> F213110 Retail Sale of Batteries;</p> <p><u>73.</u> F217010 Retail Sale of Fire Fighting Equipments;</p> <p><u>74.</u> F218010 Retail Sale of Computer Software;</p> <p><u>75.</u> F219010 Retail Sale of Electronic Materials;</p> <p><u>76.</u> F399040 Retail Business Without Shop;</p> <p><u>77.</u> F401010 International Trade;</p> <p><u>78.</u> F401021 Restrained Telecom Radio Frequency Equipments and Materials Import;</p> <p><u>79.</u> F401181 Metrological Instruments Importing;</p> <p><u>80.</u> F601010 Intellectual Property;</p> <p><u>81.</u> G801010 Warehousing and Storage;</p>	
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<p><u>81.</u> I103060 Management Consulting Services;</p> <p><u>82.</u> I199990 Other Consultancy;</p> <p><u>83.</u> I301010 Software Design Services;</p> <p><u>84.</u> I301020 Data Processing Services;</p> <p><u>85.</u> I301030 Digital Information Supply Services;</p> <p><u>86.</u> I401010 General Advertising Services;</p> <p><u>87.</u> I501010 Product Designing;</p> <p><u>88.</u> I599990 Other Designing;</p> <p><u>89.</u> IG02010 Research Development Service;</p> <p><u>90.</u> IG03010 Energy Technical Services;</p> <p><u>91.</u> IZ03010 Clipping Services;</p> <p><u>92.</u> IZ04010 Translation Services;</p> <p><u>93.</u> IZ10010 Typesetting Services;</p> <p><u>94.</u> IZ13010 Internet Identify Services;</p> <p><u>95.</u> IZ99990 Other Industry and Commerce Services Not Elsewhere Classified;</p> <p><u>96.</u> J303010 Magazine and Periodical Publication;</p> <p><u>97.</u> J304010 Book Publishers;</p> <p><u>98.</u> J305010 Audio Tape and Record Publishers;</p> <p><u>99.</u> J399010 Software Publication ;</p> <p><u>100.</u> J399990 Other Publishers Not Elsewhere Classified;</p> <p><u>101.</u> J701070 Computer Recreational Activities;</p> <p><u>102.</u> JE01010 Rental and Leasing Business;</p> <p><u>103.</u> ZZ99999 In Addition To The Permitted Business, The Business Is Not Prohibited Or Restricted.</p>	<p><u>82.</u> I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;</p> <p><u>83.</u> I103060 Management Consulting Services;</p> <p><u>84.</u> I199990 Other Consultancy;</p> <p><u>85.</u> I301010 Software Design Services;</p> <p><u>86.</u> I301020 Data Processing Services;</p> <p><u>87.</u> I301030 Digital Information Supply Services;</p> <p><u>88.</u> I401010 General Advertising Services;</p> <p><u>89.</u> I501010 Product Designing;</p> <p><u>90.</u> I599990 Other Designing;</p> <p><u>91.</u> IG02010 Research Development Service;</p> <p><u>92.</u> IG03010 Energy Technical Services;</p> <p><u>93.</u> IZ03010 Clipping Services;</p> <p><u>94.</u> IZ04010 Translation Services;</p> <p><u>95.</u> IZ10010 Typesetting Services;</p> <p><u>96.</u> IZ13010 Internet Identify Services;</p> <p><u>97.</u> IZ99990 Other Industry and Commerce Services Not Elsewhere Classified;</p> <p><u>98.</u> J303010 Magazine and Periodical Publication;</p> <p><u>99.</u> J304010 Book Publishers;</p> <p><u>100.</u> J305010 Audio Tape and Record Publishers;</p> <p><u>101.</u> J399010 Software Publication ;</p> <p><u>102.</u> J399990 Other Publishers Not Elsewhere Classified;</p> <p><u>103.</u> J701070 Computer Recreational Activities;</p> <p><u>104.</u> JE01010 Rental and Leasing Business;</p> <p><u>105.</u> ZZ99999 In Addition To The Permitted Business, The Business Is Not</p>	
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	Prohibited Or Restricted.	
<p>Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through 48th revision dates have been omitted for simplicity) The forty-ninth amendment was made on June 8, 2016; <u>The fifty amendment was made on June 11, 2018.</u></p>	<p>Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through 48th revision dates have been omitted for simplicity) The forty-ninth amendment was made on June 8, 2016.</p>	<p>Addition of the 50th revision date.</p>

Voting and Resolution for each of the Proposal and Discussion Items

4. Election items

(1) Election of the Company's Directors (Proposed by the Board of Directors)

- Explanation: (a) The term of office of the directors (including independent directors) will expire. According to the Board's resolution, eleven directors (including four independent directors) will be elected at this annual general shareholders' meeting. The term of office of the new directors will be three years, starting from June 11, 2018 and will expire on June 10, 2021. The directors will assume office immediately after this annual general shareholders meeting.
- (b) The Company adopted the candidates nomination system for electing the 18th term of directors (including independent directors). After the Board of Directors' examination, the Board has approved eleven candidates (including four candidates for independent directors). The relevant information is as follows:

List of Candidates for Directors

Name	Educational Background and Experience	Number of Shares Held
Bruce CH Cheng	BSEE, National Cheng Kung University / Chairman of Delta Electronics, Inc.	81,878,039
Yancey Hai	MS Global Management, University of Dallas, U.S.A. / Country Manager, G.E. Capital and Vice Chairman and CEO of Delta Electronics, Inc.	984,067
Mark Ko	BS Control Engineering, National Chiao Tung University / President and COO of Delta Electronics, Inc.	837,630
Ping Cheng	Bachelor of Business Administration, California State University, Hayward/ Senior Vice President and President in Greater China Area of Delta Electronics, Inc.	55,090,093
Simon Chang	EMBA of Chung Yuan Christian University / Senior Vice President and General Manager of Delta Electronics, Inc.	903,811
Albert Chang	EMBA of National Central University/ Senior Vice President of Delta Electronics, Inc.	1,104,917
Victor Cheng	Master of Electrical Engineering, Santa Clara University/General Manager of Delta Networks, Inc.	49,094,764

List of Candidates for Independent Directors

Name	Educational Background and Experience	Number of Shares Held
Yung-Chin Chen	MA Accounting, Soochow University / CPA and Partner of PwC Taiwan.	0
George Chao	BA Banking and Insurance of Tamkang University / Chairman of 3M Taiwan Limited.	0
Tsong-Pyng Perng	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.	0
Ji-Ren Lee	Ph.D in Strategic Management, University of Illinois at Urbana-Champaign /Associate Dean of Teaching and Resource Development, College of Management, National Taiwan University; Executive Director of EMBA Program, College of Management, National Taiwan University; Director of Creativity and Entrepreneurship Program, National Taiwan University; Marketing Service Manager, Marketing Department, Boehringer Ingelheim Taiwan Limited, Planner, Training Department, Yulon Motor Co.	0

(c) Please Vote

Voting for Election Item

Election Result:

5. Other proposals

(1) Releasing Directors from Non-competition Restrictions (Proposed by the Board of Directors)

Explanation: (a) According to Article 209 of the Company Act, a director who conducts business within the business scope of the Company for himself or others shall explain at the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.

(b) As certain directors elected at this shareholders' meeting concurrently work for other companies, which may constitute the act restricted under Article 209 of the Company Act, it is proposed to release the non-competition restrictions on the directors, without prejudice to the interests of the Company. Detailed list of the relevant directors' positions in other companies is announced on a board placed at the venue of the shareholders' meeting after the election.

(c) The proposal is submitted for discussion.

Voting and Resolution for the Proposal

6. Extemporaneous Motions

Meeting Adjourn.

Appendix 1

Business Report

The global economy slowly gained strength in 2017. However, many Taiwanese companies were affected by the sharp appreciation of the NTD against the U.S. dollar, as well as the pressure of rising material costs and direct labor costs. The business environment in 2017 was still full of challenges. With the joint efforts of all Delta team members, Delta's consolidated revenues increased 4% from the previous year to NT\$223.6 billion in 2017, while gross profit amounted to NT\$60.8 billion, 2% higher than last year, with a gross margin of 27.2%. Net operating profits decreased 5% from 2016 to NT\$19.8 billion with an 8.8% net operating margin. Our net income after tax decreased slightly by 2% from the previous year to NT\$18.4 billion, which represented 8.2% of revenues. Delta's 2017 earnings per share (EPS) was NT\$7.08 and the return on equity (ROE) ratio was 14.8%.

In 2010, Delta's management team jointly set a vision for "developing the brand business and providing customer solutions" as the strategic direction of our long-term development. In order to speed up the transition, Delta completed an internal organizational adjustment in 2017. We adjusted our three major business divisions (Power electronics, Energy Management, and Smart Green Life) that were originally divided by product category into market-oriented new business areas (Power Electronics, Automation, Infrastructure), as well established an automotive electronics business group directly under the category of Power Electronics. We believe the adjustments will help Delta provide more efficient solutions that meet our customers' needs. The following is a summary of our 2017 business results and prospects for the future.

Power Electronics Not only has Delta maintained its leading position in the global market in the fields of power supplies, brushless DC fans, and others. Delta also ranks among the world's top manufacturers in the specific applications of thermal management and miniaturized components. As the telecommunications and consumer electronics markets have matured, Delta has already expanded these products into other areas such as medical care, industrial management, household appliances, automotive electronics and electric cars, and has won high praise from customers.

In the spirit of the continuous pursuit of innovation, Delta not only showcased the world's first high-brightness 8K projector at last year's "Delta Green Building Exhibition", but also launched "Innergie 55cc," the world's smallest universal charger, with a volume of only 55cc and a weight of 88g. In addition, Delta received the 2017 Quality Excellence Award from HP Inc. Delta's X-ray high-voltage power supply also obtained third-party medical equipment certification from TÜV Rheinland last year, and passed the EU Medical Device Directive (MDD) and ISO Medical Quality Management System certification, to become the first Taiwanese manufacturer to produce a high voltage power supply for medical X-rays. The computer-based tomography scanner DELPet- μ CT developed and produced by Delta's subsidiary DELBio Inc. won the highest honor at last year's Taiwan Excellence Gold Awards. With the advent of DELPet- μ CT, Delta is expected to bring new contributions to medical research, new drug development, and other applications.

Although demand in the information market is slowing, we believe that Delta will continue to grow as we expand our application coverage. The revenue and profits contributed by the Power Electronics business will also become one of the strongest and most important pillars supporting Delta's strategic transformation and the development of our new businesses.

Automation Industrial automation is an area that Delta has been devoted to for over two decades. In addition to the horizontal expansion of product specifications, we also have complete vertical integration in our product line. Delta's acquisition of Unicom in 2016, which includes an MES (Manufacturing Execution System), further perfected Delta's vertical layout in industrial automation.

Delta has been planning to introduce its Delta Smart Manufacturing (DSM) solutions since 2016, and in 2017, and has established the Smart Manufacturing Department responsible for the development and promotion of Delta's smart manufacturing business. Our goal is to automate equipment, automate processes, automate logistics, and through the collection of big data, analysis of data, and others, to gradually and progressively achieve the ultimate goal of industrial "intelligence". At the same time, through the introduction of Delta's own automation experience, we can provide customers with better solutions, and help create a more flexible smart green factory.

In terms of building automation, following Delta's acquisitions of Loytec and Delta Controls Inc. in 2016, we again publicly acquired 49.2% shareholdings in the Taiwan-listed company Vivotek Inc. in 2017 to complement Delta's security monitoring capabilities.

In response to the market's rising demand for Industry 4.0 and smart green buildings, we believe that the automation department's business will continue to lead Delta to its next peak and become one of the most important dynamics of the company's future growth.

Infrastructure In terms of communication infrastructure, Delta not only holds a leading global position in telecommunications power supplies, but also plays a significant role in the global market for continuous power systems, comprehensive data center solutions, and network communications.

In terms of energy infrastructure, we are looking at the market layout of the entire smart microgrid of the future. With government policies that continue to promote the adoption of electric cars, we are providing energy storage devices as well as cooperating with well-known vehicle manufacturers in two-way grids for electric cars. The power-receiving and power-supply design enables each electric car to become a mobile energy storage battery, so as to buffer the grid load and achieve optimum energy use.

We are convinced that to become a truly sustainable enterprise for the next century, we must continue to invest in corporate social responsibility and improve corporate governance while pursuing optimal revenue growth and financial performance. This is our duty.

Delta's mission is "To provide innovative, clean and energy-efficient solutions for a better tomorrow". With our long-term focus on climate change and sustainable corporate development, we continue to invest in R&D to provide highly efficient energy-saving products and solutions. Delta is among the first to adopt international targets to scientifically reduce carbon emissions. Our carbon target is to reduce carbon intensity by 56.6% by 2025 using the base year of 2014. In December 2017, Delta passed the Science Based Targets Initiative (SBTi) conformity review, becoming the first in Taiwan and among the first 100 companies in the world to be approved, and taking specific actions towards the goal of controlling global warming by 2°C.

Delta actively participates in international climate events through the Delta Electronics Foundation. At the COP23 UN Climate Conference held in Bonn, Germany in 2017, Delta was invited by the Local Governments for Sustainability, Council for Sustainable Development (ICLEI) to share with opinion leaders and decision makers from various countries our experience assisting cities in promoting sustainable development, and our practical achievements in construction, transportation, and energy infrastructure. Delta was the only corporate representative participating in the related conferences.

Delta's achievements in promoting corporate social responsibility are highly recognized worldwide. We were selected for the "World Index" and "Emerging Markets Index" of the Dow Jones Sustainability Indices in 2017, and won the RobecoSAM "2017 Sustainability Award". Our "Carbon Disclosure Project" received "Climate Change Leadership Level" revealing the climate change aspects of the supply chain, and gained A-level recognition. Last year, Delta won Corporate Social Responsibility Awards presented by Global Views Monthly, CommonWealth Magazine, and the 2017 Taiwan Corporate Sustainability Awards, and ranked as one of the Top 5% Listed Companies by the "Taiwan Stock Exchange" Corporate Governance Review Awards. In addition, the value of Delta's brand in 2017 once again made a major leap forward, up 11% from 2016, reaching US\$250 million. We are one of the companies with the highest ratio of brand value growth as well as the only company that has grown for two consecutive years. Delta sincerely thanks our customers, suppliers, shareholders and the community for your support.

Looking to the future, we hope that through the balanced development of our three major business areas Power Electronics, Automation and Infrastructure, Delta will continue to operate sustainably and pursue opportunities in the international arena. As we lead our Delta team members to yet another growth peak, we are devoted to maintaining our role as a well-respected, world-class company that addresses human needs, is friendly to the environment, and has a positive impact on society.

Chairman	Yancey Hai
CEO	Ping Cheng
CFO	Judy Wang

Appendix 2

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying parent company only balance sheets of Delta Electronics, Inc. (the “Company”) as at December 31, 2017 and 2016, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Delta Electronics Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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

A subsidiary of the Company acquired 51% of Delta Energy Systems (Switzerland) AG, which was renamed as Delta Electronics (Switzerland) AG in April 2017. The acquisition was accounted for by the subsidiary as an investment accounted for under equity method.

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

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We assessed the original data and the reasonableness of major assumptions, including growth rate, gross margin, discount rate and fair value calculation model as indicated in the purchase price allocation report prepared by the appraisers appointed by the subsidiary of 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 rates of return of similar assets.

Impairment assessment of investments accounted for under equity method

Description

As of December 31, 2017, Cyntec Co., Ltd. - a reinvestment company of the Company, ELTEK AS - a reinvestment company of Delta Electronics (Netherlands) B.V., Loy Tec electronics GmbH - a

reinvestment company of Delta Controls Inc. and Delta Electronics Int'l (Singapore) Pte. Ltd. and Delta Greentech (China) Co., Ltd. - reinvestment companies of Delta International Holding Limited. These reinvestments made by certain subsidiaries were material and generated goodwill and other intangible assets. Refer to Notes 5(1) and 5(2) for the uncertainty of accounting estimates and assumptions of impairment assessment of investments accounted for using equity method.

As the balance of investments 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 significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment assessment of investments accounted for under equity method a key audit matter.

How our audit addressed the matter

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

- A. Assessed whether the valuation models adopted by the Company are reasonable for the industry, environment and the valued assets of the Company;
- B. Confirmed whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessed the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate based on operating margin with historical data, economic and industrial forecast documents;
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rates of return of similar assets.

Other matter – Scope of the Audit

We did not audit the financial statements of certain investments accounted for under the equity

method. These investments accounted for under equity method amounted to NT\$13,517,165 thousand and NT\$9,236,030 thousand, constituting 8.29% and 5.78% of total assets as of December 31, 2017 and 2016, respectively, and the share of profit of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method was NT\$1,036,192 thousand and NT\$1,038,065 thousand, constituting 7.72% and 8.22% of total comprehensive income for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these investees is based solely on the audit reports of the other independent accountants.

Responsibilities of management and those charged with governance for the 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 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or

business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Yu-Kuan

Chou,Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2018

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

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2017	December 31, 2017	December 31, 2016
Current assets				
Cash and cash equivalents	6(1)	85,619	\$ 2,548,015	\$ 421,038
Available-for-sale financial assets - current	6(2)	11,321	336,906	105,380
Notes receivable, net		7,430	221,128	176,745
Accounts receivable, net	6(4)	191,966	5,712,895	6,452,209
Accounts receivable - related parties	7	68,918	2,050,988	2,166,172
Other receivables		1,881	55,971	63,397
Other receivables - related parties	7	24,170	719,292	431,803
Inventories	6(5)	44,601	1,327,331	1,079,095
Prepayments		23,857	710,039	1,005,277
Other current assets	8	<u>4,716</u>	<u>140,358</u>	<u>136,390</u>
Total current assets		<u>464,479</u>	<u>13,822,923</u>	<u>12,037,506</u>
Non-current assets				
Available-for-sale financial assets - non-current	6(2)	83,030	2,470,983	3,792,734
Financial assets carried at cost - non-current	6(3)	1,995	59,358	59,358
Investments accounted for under equity method	6(6)	4,482,416	133,396,710	131,161,267
Property, plant and equipment	6(7)	397,652	11,834,121	11,253,913
Intangible assets	6(8)	16,756	801,261	638,607
Deferred income tax assets	6(22)	8,251	498,662	414,251
Other non-current assets	6(9)	<u>83,030</u>	<u>245,535</u>	<u>299,987</u>
Total non-current assets		<u>5,017,024</u>	<u>149,306,630</u>	<u>147,620,117</u>
Total assets		<u>\$ 5,481,503</u>	<u>\$ 163,129,553</u>	<u>\$ 159,657,623</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
PARENT COMPANY ONLY BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2017	December 31, 2017	December 31, 2016
Current liabilities				
Accounts payable		29,880	889,241	766,296
Accounts payable - related parties	7	220,327	6,556,938	7,035,028
Other payables		294,950	8,777,715	8,595,016
Other payables - related parties	7	12,895	383,745	362,056
Current income tax liabilities		9,055	269,478	62,306
Other current liabilities		33,967	1,010,849	791,415
Total current liabilities		601,074	17,887,966	17,612,117
Non-current liabilities				
Long-term borrowings	6(10)	355,376	10,576,000	8,023,565
Deferred income tax liabilities	6(22)	272,059	8,096,464	7,873,345
Other non-current liabilities	6(11)	67,613	2,012,154	2,034,170
Total non-current liabilities		695,048	20,684,618	17,931,080
Total liabilities		1,296,122	38,572,584	35,543,197
Equity				
Share capital				
Share capital - common stock	6(12)	872,830	25,975,433	25,975,433
Capital surplus				
Capital surplus	6(13)	1,627,900	48,446,318	48,442,451
Retained earnings				
Legal reserve	6(14)	718,192	21,373,388	19,493,608
Special reserve		93,002	2,767,749	527,556
Unappropriated retained earnings		1,111,634	33,082,224	31,915,572
Other equity interest				
Other equity interest		(238,177)	(7,088,143)	(2,240,194)
Total equity		4,185,381	124,556,969	124,114,426
Significant contingent liabilities and unrecorded contract commitments	9			
Significant subsequent events	11			
Total liabilities and equity		\$ 5,481,503	\$ 163,129,553	\$ 159,657,323

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars	New Taiwan Dollars	
		2017	2017	2016
Sales revenue	6(15) and 7	\$ 1,296,295	\$ 38,577,747	\$ 38,547,696
Operating costs	6(16) and 7	(1,144,488)	(34,059,965)	(34,018,668)
Gross profit		<u>151,807</u>	<u>4,517,782</u>	<u>4,529,028</u>
Operating expenses	6(20)(21)			
Selling expenses		(23,274)	(692,610)	(599,218)
General and administrative expenses		(44,603)	(1,327,397)	(1,543,551)
Research and development expenses		(5,559)	(165,447)	(442,533)
Total operating expenses		<u>(73,436)</u>	<u>(2,185,454)</u>	<u>(2,585,302)</u>
Operating profit		<u>78,371</u>	<u>2,332,328</u>	<u>1,943,726</u>
Non-operating income and expenses				
Other income	6(17)	21,783	648,259	574,099
Other gains and losses	6(18)	(19,443)	(578,638)	(97,786)
Finance costs	6(19)	(2,585)	(76,933)	(52,479)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	<u>594,058</u>	<u>17,679,180</u>	<u>17,968,563</u>
Total non-operating income and expenses		<u>593,813</u>	<u>17,671,868</u>	<u>18,392,397</u>
Profit before income tax		672,184	20,004,196	20,336,123
Income tax expense	6(22)	(54,558)	(1,623,644)	(1,538,324)
Profit for the year		<u>\$ 617,626</u>	<u>\$ 18,380,552</u>	<u>\$ 18,797,799</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars	New Taiwan Dollars	
		2017	2017	2016
Other comprehensive income (loss)				
Components of other comprehensive loss that will not be reclassified to profit or loss				
Loss on remeasurements of defined benefit plans	6(11)	(\$ 4,942)	(\$ 147,085)	(\$ 3,522)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		654	19,459	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	861	25,631	(910)
Components of other comprehensive loss that will not be reclassified to profit or loss		(3,427)	(101,995)	(4,432)
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations		(272,785)	(8,118,122)	(2,916,590)
Unrealized gain (loss) on valuation of available-for-sale financial assets		(5,372)	(159,868)	(1,573,376)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		97,699	2,907,524	(2,394,943)
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(22)	17,558	522,517	725,208
Components of other comprehensive loss that will be reclassified to profit or loss		(162,900)	(4,847,949)	(6,159,701)
Other comprehensive loss for the year		(\$ 166,327)	(\$ 4,949,944)	(\$ 6,164,133)
Total comprehensive income for the year		\$ 451,299	\$ 13,430,608	\$ 12,633,666
Earnings per share (in dollars)	6(23)			
Basic earnings per share		\$ 0.24	\$ 7.08	\$ 7.24
Diluted earnings per share		\$ 0.24	\$ 7.02	\$ 7.17

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	Equity attributable to owners of the parent					Other equity interest			Total
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	
<u>2016 New Taiwan Dollars</u>										
Balance at January 1, 2016		\$ 25,975,433	\$ 48,344,161	\$ 17,622,146	\$ -	\$ 28,508,940	\$ 3,708,438	\$ 204,881	\$ 6,188	\$ 124,370,187
Distribution of 2015 earnings										
Legal reserve	6(14)	-	-	1,871,462	-	(1,871,462)	-	-	-	-
Special reserve	6(14)	-	-	-	527,556	(527,556)	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,987,717)	-	-	-	(12,987,717)
Change in equity of associates and joint ventures accounted for under equity method		-	(9,692)	-	-	-	-	-	-	(9,692)
Proceeds from investments accounted for under the equity method		-	(12,384)	-	-	-	-	-	-	(12,384)
Other comprehensive income (loss) for the year		-	-	-	-	(4,432)	(4,724,834)	(1,482,432)	47,565	(6,164,133)
Effects due to gain on share of non-controlling interests		-	120,366	-	-	-	-	-	-	120,366
Profit for the year		-	-	-	-	18,797,799	-	-	-	18,797,799
Balance at December 31, 2016		<u>\$ 25,975,433</u>	<u>\$ 48,442,451</u>	<u>\$ 19,493,608</u>	<u>\$ 527,556</u>	<u>\$ 31,915,572</u>	<u>(\$ 1,016,396)</u>	<u>(\$ 1,277,551)</u>	<u>\$ 53,753</u>	<u>\$ 124,114,426</u>
<u>2017 New Taiwan Dollars</u>										
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
Distribution of 2016 earnings										
Legal reserve	6(14)	-	-	1,879,780	-	(1,879,780)	-	-	-	-
Special reserve	6(14)	-	-	-	2,240,193	(2,240,193)	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,987,717)	-	-	-	(12,987,717)
From share of changes in equity of subsidiaries		-	3,867	-	-	(4,215)	-	-	-	(348)
Other comprehensive income (loss) for the year		-	-	-	-	(101,995)	(4,895,443)	20,710	26,784	(4,949,944)
Profit for the year		-	-	-	-	18,380,552	-	-	-	18,380,552
Balance at December 31, 2017		<u>\$ 25,975,433</u>	<u>\$ 48,446,318</u>	<u>\$ 21,373,388</u>	<u>\$ 2,767,749</u>	<u>\$ 33,082,224</u>	<u>(\$ 5,911,839)</u>	<u>(\$ 1,256,841)</u>	<u>\$ 80,537</u>	<u>\$ 124,556,969</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to owners of the parent									
	Notes	Retained earnings					Other equity interest			Total
Share capital - common stock		Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for- sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges		
<u>2017 US Dollars</u>										
Balance at January 1, 2017		\$ 872,830	\$ 1,627,771	\$ 655,027	\$ 17,727	\$ 1,072,431	(\$ 34,153)	(\$ 42,928)	\$ 1,804	\$ 4,170,509
Distribution of 2016 earnings										
Legal reserve	6(14)	-	-	63,165	-	(63,165)	-	-	-	-
Special reserve	6(14)	-	-	-	75,275	(75,275)	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(436,415)	-	-	-	(436,415)
From share of changes in equities of subsidiaries			129			(141)				(12)
Other comprehensive income (loss) for the year		-	-	-	-	(3,427)	(164,497)	695	902	(166,327)
Profit for the year		-	-	-	-	617,626	-	-	-	617,626
Balance at December 31, 2017		<u>\$ 872,830</u>	<u>\$ 1,627,900</u>	<u>\$ 718,192</u>	<u>\$ 93,002</u>	<u>\$ 1,111,634</u>	<u>(\$ 198,650)</u>	<u>(\$ 42,233)</u>	<u>\$ 2,706</u>	<u>\$ 4,185,381</u>

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2017	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Consolidated profit before tax for the year		\$ 672,184	\$ 20,004,196	\$ 20,336,123
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(7)(20)	26,552	790,192	685,148
Amortisation	6(8)(20)	5,132	152,722	152,051
(Reversal of) provision for bad debts	6(4)	(853)	(25,390)	21,430
Interest expense	6(19)	2,585	76,933	52,479
Interest income	6(17)	(641)	(19,062)	(17,575)
Dividend income	6(17)	(1,640)	(48,792)	(45,328)
Share of profit of subsidiaries, and associates accounted for under the equity method	6(6)	(594,058)	(17,679,180)	(17,968,563)
Gain on disposal of property, plant and equipment	6(18)	(20)	(605)	(754)
Gain on disposal of investments	6(18)	(3,114)	(92,679)	(4)
Impairment loss on financial assets	6(18)	21,247	632,304	6,305
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Notes receivable		(1,491)	(44,383)	(104,784)
Accounts receivable		25,696	764,705	(905,400)
Accounts receivable - related parties		3,870	115,184	(314,807)
Other receivables		250	7,454	31,481
Other receivables - related parties		(9,660)	(287,489)	128,804
Inventories		(8,341)	(248,236)	(147,577)
Prepayments		9,921	295,238	(590,384)
Other current assets		(133)	(3,968)	19,151
Other non-current assets		(1,006)	(29,931)	22,617
Net changes in liabilities relating to operating activities				
Accounts payable		4,131	122,945	145,545
Accounts payable - related parties		(16,065)	(478,090)	501,535
Other payables		6,111	181,877	276,004
Other payables - related parties		729	21,689	15,554
Other current liabilities		7,373	219,434	47,130
Other non-current liabilities		(6,163)	(183,409)	(629,379)
Cash generated from operations		142,596	4,243,659	1,716,802
Interest received		640	19,033	17,713
Dividends received		504,089	15,001,684	10,525,509
Interest paid		(2,557)	(76,111)	(51,101)
Income taxes paid		(24,539)	(730,282)	(437,829)
Net cash provided by operating activities		<u>620,229</u>	<u>18,457,983</u>	<u>11,771,094</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2017	2017	2016
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of available-for-sale financial assets		(\$ 1,899)	(\$ 56,501)	(\$ 152,853)
Proceeds from disposal of available-for-sale financial assets		11,809	351,501	-
Proceeds from capital reduction of available-for-sale financial assets		3,217	95,733	34,679
Proceeds from capital reduction of financial assets at cost		-	-	32
Acquisition of investments accounted for using equity method		(157,564)	(4,689,117)	(3,446,470)
Disposal of investments accounted for using equity method		27	813	-
Proceeds from capital reduction of investment accounted for using equity method		-	-	81,129
Decrease in cash surrender value of life insurance		171	5,086	1,238
Acquisition of property, plant and equipment	6(7)	(47,499)	(1,413,573)	(770,019)
Proceeds from disposal of property, plant and equipment		1,471	43,778	9,315
Acquisition of intangible assets	6(8)	(10,597)	(315,376)	(148,307)
(Increase) decrease in refundable deposits		(114)	(3,394)	229
Decrease (increase) in prepayments for business facilities		2,779	82,691	(17,610)
Cash inflow due to business combinations	6(24)	-	-	1,380
Increase in other non-current assets		-	-	(19,406)
Net cash used in investing activities		(<u>198,199</u>)	(<u>5,898,359</u>)	(<u>4,426,663</u>)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Proceeds from long-term debt		85,767	2,552,435	4,421,999
Increase (decrease) in guarantee deposits received		89	2,635	(1,046)
Cash dividends paid	6(14)	(<u>436,415</u>)	(<u>12,987,717</u>)	(<u>12,987,717</u>)
Net cash used in financing activities		(<u>350,559</u>)	(<u>10,432,647</u>)	(<u>8,566,764</u>)
Increase in cash and cash equivalents		71,471	2,126,977	(1,222,333)
Cash and cash equivalents at beginning of year		14,148	421,038	1,643,371
Cash and cash equivalents at end of year		<u>\$ 85,619</u>	<u>\$ 2,548,015</u>	<u>\$ 421,038</u>

Appendix 3

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, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2017. 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

The Group acquired 51% of Delta Energy Systems (Switzerland) AG (renamed as Delta Electronics (Switzerland) AG) in the amount of NT\$388,940 thousand in April 2017. The value of intangible assets, inclusive of goodwill and identifiable intangible assets – premium on customer relationship, acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, “Business Combination”. For details of purchase price allocation, please refer to Note 6(33).

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

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We appointed internal appraisers to 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 Group. Our procedures also included the following:

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

Impairment assessment of intangible assets

Description

As of December 31, 2017, the recognised goodwill and intangible assets – customer relationship as a result of acquisitions of Cyntec Co., Ltd., Loy Tec electronics GmbH, Eltek AS, Delta Controls Inc. and Delta Greentech (China) Co., Ltd. amounted to NT\$15,844,592 thousand and NT\$5,113,030 thousand, constituting 8.37% of consolidated total assets. Please refer to Notes 5(2) and 6(12).

As the balance of goodwill and intangible assets – customer relationship acquired from merger is material, the valuation model adopted in the impairment assessment has

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

How our audit addressed the matter

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

- A. Assessing whether the valuation models adopted by the Group are reasonable for the industry, environment and the valued assets of the Group;
- B. Confirming whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessing the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate with 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 wholly-owned consolidated subsidiaries and an investment accounted for under the equity method that are included in the consolidated financial statements. Total assets of the subsidiaries amounted to NT\$9,128,719 thousand and NT\$5,202,263 thousand, constituting 3.64% and 2.21% of consolidated total assets as of December 31, 2017 and 2016, respectively, and operating revenue was NT\$4,218,765 thousand and NT\$3,513,380 thousand, constituting 1.89% and 1.64% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method was NT\$7,418,365 thousand and NT\$7,084,482 thousand, constituting 2.96% and 3.01% of consolidated total assets as of December 31, 2017 and 2016, 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\$923,720 thousand and NT\$909,301 thousand, constituting 6.79% and 7.07% 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 report 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 on the parent company only financial statements of Delta Electronics, Inc. as at and for the years ended December 31, 2017 and 2016.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated

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

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the year ended December 31, 2017 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 \$29.76 to US\$1.00 at December 31, 2017. 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 8, 2018

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2017	December 31, 2017	December 31, 2016
Current assets				
Cash and cash equivalents	6(1)	\$ 1,927,642	\$ 57,366,617	\$ 55,572,744
Financial assets at fair value through profit or loss - current	6(2)	3,856	114,748	56,252
Available-for-sale financial assets - current	6(3)	38,364	1,141,700	675,817
Derivative financial assets for hedging - current	6(5)	237	7,061	7,708
Notes receivable, net		134,760	4,010,445	3,553,181
Accounts receivable, net	6(6)	1,659,382	49,383,213	46,756,514
Accounts receivable - related parties	7	44,337	1,319,469	1,431,921
Other receivables		24,011	714,556	717,329
Other receivables - related parties	7	2,358	70,181	104,580
Current income tax assets		10,821	322,046	218,467
Inventories	6(8)	1,035,800	30,825,402	25,953,182
Prepayments		58,179	1,731,406	2,779,206
Non-current assets held for sale, net	6(13)	-	-	15,647
Other current assets	8	<u>23,421</u>	<u>697,034</u>	<u>559,150</u>
Total current assets		<u>4,963,168</u>	<u>147,703,878</u>	<u>138,401,698</u>
Non-current assets				
Available-for-sale financial assets - non-current	6(3)	158,604	4,720,058	5,926,691
Financial assets carried at cost - non-current	6(4)	38,564	1,147,672	1,113,279
Investments accounted for under equity method	6(9)	283,418	8,434,519	8,319,562
Property, plant and equipment	6(10)	1,489,873	44,338,628	40,558,137
Investment property, net	6(11)	59,691	1,776,411	1,924,097
Intangible assets	6(12)	1,136,883	33,833,648	30,918,856
Deferred income tax assets	6(30)	196,122	5,836,595	5,334,038
Other non-current assets	6(14) and 8	<u>92,311</u>	<u>2,747,150</u>	<u>2,618,312</u>
Total non-current assets		<u>3,455,466</u>	<u>102,834,681</u>	<u>96,712,972</u>
Total assets		<u>\$ 8,418,634</u>	<u>\$ 250,538,559</u>	<u>\$ 235,114,670</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2017	December 31, 2017	December 31, 2016
Current liabilities				
Short-term borrowings	6(15)	\$ 586,811	\$ 17,463,509	\$ 12,539,294
Financial liabilities at fair value through profit or loss - current	6(16)	327	9,746	219,490
Notes payable		329	9,792	-
Accounts payable		1,233,495	36,708,824	37,045,171
Accounts payable - related parties	7	40,531	1,206,197	468,980
Other payables		847,093	25,209,483	23,275,430
Current income tax liabilities	6(30)	74,127	2,206,019	1,572,229
Other current liabilities	6(17)	<u>215,309</u>	<u>6,407,577</u>	<u>6,143,043</u>
Total current liabilities		<u>2,998,022</u>	<u>89,221,147</u>	<u>81,263,637</u>
Non-current liabilities				
Long-term borrowings	6(17)	376,980	11,218,936	8,513,958
Deferred income tax liabilities	6(30)	406,700	12,103,399	12,386,659
Other non-current liabilities	6(18)	<u>141,856</u>	<u>4,221,603</u>	<u>3,941,550</u>
Total non-current liabilities		<u>925,536</u>	<u>27,543,938</u>	<u>24,842,167</u>
Total Liabilities		<u>3,923,558</u>	<u>116,765,085</u>	<u>106,105,804</u>
Equity				
Share capital				
Share capital - common stock	6(19)	872,830	25,975,433	25,975,433
Capital surplus				
Capital surplus	6(20)	1,627,900	48,446,318	48,442,451
Retained earnings				
Legal reserve	6(21)	718,192	21,373,388	19,493,608
Special reserve		93,002	2,767,749	527,556
Unappropriated retained earnings		1,111,634	33,082,224	31,915,572
Other equity interest				
Other equity interest		(238,176)	(7,088,143)	(2,240,194)
Equity attributable to owners of the parent		4,185,382	124,556,969	124,114,426
Non-controlling interest	6(22)	<u>309,694</u>	<u>9,216,505</u>	<u>4,894,440</u>
Total equity		<u>4,495,076</u>	<u>133,773,474</u>	<u>129,008,866</u>
Significant contingent liabilities and unrecorded contract commitments	9			
Significant subsequent events	11			
Total liabilities and equity		<u>\$ 8,418,634</u>	<u>\$ 250,538,559</u>	<u>\$ 235,114,670</u>

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2017	2017	2017	2016
Sales revenue	6(23) and 7	\$ 7,512,685	\$ 223,577,514	\$ 214,355,571	
Operating costs	6(8)(24)(28) (29) and 7	(5,470,741)	(162,809,240)	(154,861,840)	
Gross profit		<u>2,041,944</u>	<u>60,768,274</u>	<u>59,493,731</u>	
Operating expenses	6(28)(29)				
Selling expenses		(507,294)	(15,097,073)	(13,896,495)	
General and administrative expenses		(308,807)	(9,190,101)	(9,284,163)	
Research and development expenses		(561,402)	(16,707,312)	(15,487,402)	
Total operating expenses		<u>(1,377,503)</u>	<u>(40,994,486)</u>	<u>(38,668,060)</u>	
Operating profit		<u>664,441</u>	<u>19,773,788</u>	<u>20,825,671</u>	
Non-operating income and expenses					
Other income	6(25)	130,528	3,884,502	4,032,505	
Other gains and losses	6(26)	(6,585)	(195,968)	(611,243)	
Finance costs	6(27)	(12,731)	(378,861)	(383,647)	
Share of profit of associates and joint ventures accounted for under equity method	6(9)	<u>24,020</u>	<u>714,819</u>	<u>926,675</u>	
Total non-operating income and expenses		<u>135,232</u>	<u>4,024,492</u>	<u>3,964,290</u>	
Profit before income tax		799,673	23,798,280	24,789,961	
Income tax expense	6(30)	(169,399)	(5,041,328)	(5,529,979)	
Profit for the year		<u>\$ 630,274</u>	<u>\$ 18,756,952</u>	<u>\$ 19,259,982</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars	New Taiwan Dollars	
		2017	2017	2016
Other comprehensive income (loss)				
Components of other comprehensive loss that will not be reclassified to profit or loss				
Loss on remeasurements of defined benefit plans		(\$ 4,942)	(\$ 147,085)	(\$ 3,522)
Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		654	19,459	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	861	25,631	(910)
Components of other comprehensive loss that will not be reclassified to profit or loss		(3,427)	(101,995)	(4,432)
Components of other comprehensive (loss) income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations		(192,097)	(5,716,900)	(5,583,670)
Unrealized gain (loss) on valuation of available-for-sale financial assets		696	20,710	(1,482,432)
Hedging instrument gain on effective hedge of cash flow hedges		1,084	32,270	57,307
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		2,945	87,656	(119,472)
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(30)	17,558	522,517	725,208
Components of other comprehensive loss that will be reclassified to profit or loss		(169,814)	(5,053,747)	(6,403,059)
Other comprehensive loss for the year		(\$ 173,241)	(\$ 5,155,742)	(\$ 6,407,491)
Total comprehensive income for the year		\$ 457,033	\$ 13,601,210	\$ 12,852,491
Profit attributable to:				
Owners of the parent		\$ 617,626	\$ 18,380,552	\$ 18,797,799
Non-controlling interest		\$ 12,648	\$ 376,400	\$ 462,183
Comprehensive income attributable to:				
Owners of the parent		\$ 451,297	\$ 13,430,608	\$ 12,633,666
Non-controlling interest		\$ 5,736	\$ 170,602	\$ 218,825
Earnings per share (in dollars)	6(31)			
Basic earnings per share		\$ 0.24	\$ 7.08	\$ 7.24
Diluted earnings per share		\$ 0.24	\$ 7.02	\$ 7.17

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	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	Unrealized gain or loss on available-for- sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Total	Non-controlling interest	Total equity
<u>2016 New Taiwan Dollars</u>												
Balance at January 1, 2016		\$ 25,975,433	\$ 48,344,161	\$ 17,622,146	\$ -	\$ 28,508,940	\$ 3,708,438	\$ 204,881	\$ 6,188	\$ 124,370,187	\$ 5,182,622	\$ 129,552,809
Distribution of 2015 earnings	6(21)	-	-	1,871,462	-	(1,871,462)	-	-	-	-	-	-
Legal reserve		-	-	1,871,462	-	(1,871,462)	-	-	-	-	-	-
Special reserve		-	-	-	527,556	(527,556)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
Change in equity of associates and joint ventures accounted for under equity method		-	(9,692)	-	-	-	-	-	-	(9,692)	-	(9,692)
Changes in non-controlling interests	6(22)	-	-	-	-	-	-	-	-	-	(507,007)	(507,007)
Proceeds from investments accounted for under the equity method		-	(12,384)	-	-	-	-	-	-	(12,384)	-	(12,384)
Other comprehensive (loss) income for the year		-	-	-	-	(4,432)	(4,724,834)	(1,482,432)	47,565	(6,164,133)	(243,358)	(6,407,491)
Effects due to gain on share of non-controlling interests		-	120,366	-	-	-	-	-	-	120,366	-	120,366
Profit for the year		-	-	-	-	18,797,799	-	-	-	18,797,799	462,183	19,259,982
Balance at December 31, 2016		<u>\$ 25,975,433</u>	<u>\$ 48,442,451</u>	<u>\$ 19,493,608</u>	<u>\$ 527,556</u>	<u>\$ 31,915,572</u>	<u>(\$ 1,016,396)</u>	<u>(\$ 1,277,551)</u>	<u>\$ 53,753</u>	<u>\$ 124,114,426</u>	<u>\$ 4,894,440</u>	<u>\$ 129,008,866</u>
<u>2017 New Taiwan Dollars</u>												
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
Distribution of 2016 earnings	6(21)	-	-	1,879,780	-	(1,879,780)	-	-	-	-	-	-
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)
From share of changes in equities of subsidiaries		-	3,867	-	-	(4,215)	-	-	-	(348)	-	(348)
Changes in non-controlling interests	6(22)	-	-	-	-	-	-	-	-	-	4,151,463	4,151,463
Other comprehensive income for the year		-	-	-	-	(101,995)	(4,895,443)	20,710	26,784	(4,949,944)	(205,798)	(5,155,742)
Profit for the year		-	-	-	-	18,380,552	-	-	-	18,380,552	376,400	18,756,952
Balance at December 31, 2017		<u>\$ 25,975,433</u>	<u>\$ 48,446,318</u>	<u>\$ 21,373,388</u>	<u>\$ 2,767,749</u>	<u>\$ 33,082,224</u>	<u>(\$ 5,911,839)</u>	<u>(\$ 1,256,841)</u>	<u>\$ 80,537</u>	<u>\$ 124,556,969</u>	<u>\$ 9,216,505</u>	<u>\$ 133,773,474</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to owners of the parent											
	Notes	Retained earnings					Other equity interest			Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges			
<u>2017 US Dollars</u>												
Balance at January 1, 2017		\$ 872,830	\$ 1,627,771	\$ 655,027	\$ 17,727	\$ 1,072,431	(\$ 34,153)	(\$ 42,928)	\$ 1,805	\$ 4,170,510	\$ 164,464	\$ 4,334,974
Distribution of 2016 earnings	6(21)											
Legal reserve		-	-	63,165	-	(63,165)	-	-	-	-	-	-
Special reserve		-	-	-	75,275	(75,275)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(436,415)	-	-	-	(436,415)	-	(436,415)
From share of changes in equities of subsidiaries			129			(141)				(12)		(12)
Changes in non-controlling interests	6(22)	-	-	-	-	-	-	-	-	-	139,496	139,496
Other comprehensive (loss) income for the year		-	-	-	-	(3,427)	(164,497)	695	902	(166,327)	(6,914)	(173,241)
Profit for the year		-	-	-	-	617,626	-	-	-	617,626	12,648	630,274
Balance at December 31, 2017		<u>\$ 872,830</u>	<u>\$ 1,627,900</u>	<u>\$ 718,192</u>	<u>\$ 93,002</u>	<u>\$ 1,111,634</u>	<u>(\$ 198,650)</u>	<u>(\$ 42,233)</u>	<u>\$ 2,707</u>	<u>\$ 4,185,382</u>	<u>\$ 309,694</u>	<u>\$ 4,495,076</u>

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2017	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated profit before tax for the year		\$ 799,673	\$ 23,798,280	\$ 24,789,961
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(10)(11)	278,152	8,277,810	7,293,247
Amortisation	6(12)	63,155	1,879,506	1,839,254
Provision for bad debts	6(6)	12,606	375,165	123,086
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(26)	(8,593)	(255,740)	176,974
Interest expense	6(27)	12,731	378,861	383,647
Interest income	6(25)	(21,248)	(632,353)	(623,297)
Dividend income	6(25)	(5,131)	(152,687)	(136,534)
Share-based payment	6(34)	1,095	32,599	-
Share of profit of associates accounted for under the equity method	6(9)	(24,020)	(714,819)	(926,675)
Gain on disposal of property, plant and equipment	6(26)	(3,380)	(100,584)	(145,171)
Gain on disposal of non-current assets held for sale	6(26)	(12,538)	(373,138)	-
Gain on disposal of investments	6(26)	(11,360)	(338,087)	(212,799)
Impairment loss on financial assets	6(3)(4)(26)	22,260	662,465	108,693
Impairment loss on non-financial assets	6(10)(12)	24	718	74,457
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets held for trading		(2,848)	(84,757)	(60,647)
Notes receivable		(15,365)	(457,264)	(452,385)
Accounts receivable		(31,850)	(947,848)	(1,108,240)
Accounts receivable - related parties		4,197	124,903	47,366
Other receivables		836	24,865	(224,634)
Other receivables - related parties		1,156	34,399	21,028
Inventories		(124,713)	(3,711,462)	(1,606,928)
Prepayments		32,330	962,148	1,217,971
Other current assets		(4,637)	(137,998)	394,052
Other non-current assets		15,028	447,227	(121,341)
Net changes in liabilities relating to operating activities				
Notes payable		329	9,792	-
Accounts payable		(39,456)	(1,174,198)	1,488,687
Accounts payable - related parties		3,685	109,659	10,272
Other payables		51,392	1,529,431	805,993
Other current liabilities		17,571	522,902	604,717
Other non-current liabilities		983	29,242	(752,214)
Cash generated from operations		1,012,064	30,119,037	33,008,540
Interest received		19,838	590,381	627,229
Dividends received		28,134	837,278	876,657
Interest paid		(12,457)	(370,730)	(381,465)
Income taxes paid		(141,353)	(4,206,676)	(3,231,112)
Net cash provided by operating activities		906,226	26,969,290	30,899,849

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars 2017	New Taiwan Dollars	
			2017	2016
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition		\$ 2,726	\$ 81,132	\$ 186,936
Acquisition of available-for-sale financial assets		(17,951)	(534,229)	(844,593)
Proceeds from disposal of available-for-sale financial assets		25,748	766,254	331,639
Proceeds from capital reduction of available-for-sale financial assets		3,217	95,733	34,679
Acquisition of financial assets at cost		(3,020)	(89,874)	(463,948)
Proceeds from disposal of financial assets at cost		-	-	2,514
Proceeds from capital reduction of financial assets carried at cost		-	-	32
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(33)	(102,764)	(3,058,262)	(7,732,070)
Proceeds from disposal of subsidiaries (net of cash disposed)	6(34)	21,270	633,010	-
Acquisition of property, plant and equipment	6(10)	(432,751)	(12,878,670)	(8,078,237)
Proceeds from disposal of property, plant and equipment		9,208	274,022	797,778
Advances on sale of property, plant and equipment		-	-	473,606
Acquisition of intangible assets	6(12)	(12,049)	(358,579)	(220,585)
Decrease in other financial assets		404	12,021	76,026
(Increase) decrease in other non-current assets		(9,063)	(269,712)	86,406
Net cash used in investing activities		(515,025)	(15,327,154)	(15,349,817)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Increase in short-term borrowings		152,674	4,543,591	1,429,721
Proceeds from long-term debt		86,634	2,578,236	4,453,199
Repayment of long-term debt		(1,677)	(49,919)	-
Cash dividends paid		(436,415)	(12,987,717)	(12,987,717)
Cash dividends paid to minority share interests	6(22)	(10,601)	(315,485)	(225,604)
Acquisition of non-controlling interests in subsidiaries		-	-	(873,505)
Net cash used in financing activities		(209,385)	(6,231,294)	(8,203,906)
Effects due to changes in exchange rate		(121,538)	(3,616,969)	(3,025,835)
Increase in cash and cash equivalents		60,278	1,793,873	4,320,291
Cash and cash equivalents at beginning of year		1,867,364	55,572,744	51,252,453
Cash and cash equivalents at end of year		<u>\$ 1,927,642</u>	<u>\$ 57,366,617</u>	<u>\$ 55,572,744</u>

Appendix 4

Audit Committee's Review Report

To: The 2018 Annual General Shareholders' Meeting of Delta Electronics, Inc.

We, the Audit Committee of the Company have reviewed the business report, parent company only financial statements, consolidated financial statements and proposal for earnings distribution of the Company for the year 2017 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

Date: March 08, 2018

Appendix 5

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

Section I - General Provisions

Article 1

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

Article 2

The Company is engaged in the following businesses:

1. A101020 Food Crops;
2. A101030 Special Crops;
3. A102020 Agricultural Products Preparations;
4. A102080 Horticulture;
5. A199990 Other Agriculture;
6. C801010 Basic chemical industry business;
7. C801990 Other chemical material manufacturing business;
8. C802120 Industrial Catalyst Manufacturing;
9. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;
10. CA04010 Metal Surface Treating;
11. CB01010 Machinery equipment manufacturing business;
12. CB01071 Frozen and Air-conditioning manufacturing business;
13. CB01990 Other machinery manufacturing business;
14. CC01010 Electronic power generating, Electric transmission and power distributing machinery manufacturing business;
15. CC01030 Electric appliance and audiovisual electric products manufacturing business;
16. CC01040 Lighting equipment manufacturing business;
17. CC01060 Wire communication equipment and apparatus manufacturing business;
18. CC01070 Wireless communication devices and equipment manufacturing business;
19. CC01080 Electronic parts and components manufacturing business;
20. CC01090 Batteries manufacturing business;
21. CC01101 Restrained telecommunication radio frequency equipment and materials manufacturing;
22. CC01110 Computers and its peripheral equipment manufacturing business;
23. CC01120 Data Storage Media Manufacturing and Duplicating;
24. CC01990 Other electrical and electronic machinery and materials manufacturing

- business;
25. CD01010 Ship and parts manufacturing business;
 26. CD01020 Tramway Cars manufacturing business;
 27. CD01030 Automobiles and auto-parts manufacturing business;
 28. CD01040 Motorcycles and motorcycle parts manufacturing business;
 29. CD01050 Bicycles and bicycle parts manufacturing business;
 30. CD01060 Aircraft and parts manufacturing business;
 31. CD01990 Other transportation equipment and parts manufacturing business;
 32. CE01010 General equipment and instruments manufacturing business;
 33. CE01021 measuring instruments manufacturing business;
 34. CE01030 Photographic and Optical Equipment Manufacturing business;
 35. CE01040 Clocks and Watches manufacturing business;
 36. CE01990 Other photographic and optical equipment manufacturing business;
 37. CF01011 Medical appliances and equipment business;
 38. E599010 Pipe lines construction business;
 39. E601010 Electric appliance installation business;
 40. E601020 Electric appliance construction business;
 41. E602011 Frozen and Air-conditioning Engineering;
 42. E603010 Cables construction;
 43. E603040 Fire fighting equipments installation business;
 44. E603050 Automation control equipment manufacturing business;
 45. E603090 Illumination equipments installation business;
 46. E604010 Machinery installation business;
 47. E605010 Computer equipment installation business;
 48. E701030 Restricted telecommunication radio frequency equipment and materials installation business;
 49. EZ05010 Apparatus installation and construction business;
 50. EZ14010 Sports Ground Equipments Construction;
 51. F101081 Wholesale of Seedling;
 52. F101130 Wholesale of vegetable and fruits;
 53. F106040 Water containers wholesale business;
 54. F108031 Drugs and medical goods wholesale business;
 55. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;
 56. F113010 Machinery wholesale business;
 57. F113020 Electrical appliances wholesale business;
 58. F113030 Wholesale of Precision Instruments;
 59. F113050 Computer and office appliances and equipment wholesale business;
 60. F113070 Telecommunication equipment wholesale business;
 61. F113110 Wholesale of Batteries;
 62. F118010 Computer software wholesale business;
 63. F119010 Electronic components and materials wholesale business;
 64. F199990 Other wholesale business;

65. F201010 Retail Sale of Agricultural Products;
66. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;
67. F208031 Medical equipment retail business;
68. F209060 Education, musical instruments and entertainment articles retail business;
69. F213010 Electrical appliances retail business;
70. F213030 Computer and office appliances and equipment retail business;
71. F213060 Telecommunication equipment retail business;
72. F213110 Retail sale of batteries;
73. F217010 Retail sale of fire fighting equipments;
74. F218010 Computer software retail business;
75. F219010 Electronic components and materials retail business;
76. F399040 Non-store retail business;
77. F401010 International trade business;
78. F401021 Restricted telecommunication radio frequency equipment and materials import business;
79. F401181 Measuring instrument importing business;
80. F601010 Intellectual property business;
81. G801010 Warehousing and storage business;
82. I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;
83. I103060 Management consulting services business;
84. I199990 Other Consultancy
85. I301010 Software design and service business;
86. I301020 Data processing services business;
87. I301030 Digital information supply services business;
88. I401010 General advertising service business;
89. I501010 Product external appearance designing business;
90. I599990 Other design business;
91. IG02010 Research development service business;
92. IG03010 Energy technical services business;
93. IZ03010 Newspaper clipping business;
94. IZ04010 Translation business;
95. IZ10010 Typesetting business;
96. IZ13010 Network authentication service business;
97. IZ99990 Other industry and commerce services not elsewhere classified;
98. J303010 Magazines (journals) publishing business;
99. J304010 Books publishing business;
100. J305010 Audio publishing business;
101. J399010 Software publishing business;
102. J399990 Other publishing business;
103. J701070 Computer Recreational Activities;
104. JE01010 Rental and leasing business;
105. 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 City, 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\$40,000,000,000, divided into 4,000,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of the Board of Directors. Within the aforementioned capital, NT\$1,000,000,000 divided into 100,000,000 shares shall be reserved for issuing warrants, preferred shares with warrants or corporate bonds with warrants.

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

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

Article 5-1

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

Article 5-2

Deleted

Article 6

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

Article 6-1

Deleted

Article 7

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

Article 8

Deleted

Article 9

Deleted

Article 10

Deleted

Article 11

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

Section III - Stockholders' Meeting

Article 12

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

Article 13

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

Article 13-1

Where the Company convenes the shareholders' meeting, the shareholders could exercise their voting right in writing or by way of electronic transmission. A shareholder who exercises his voting right in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person, but shall be deemed to have waived his voting right in respect of any extemporary motions and amendments to the original proposals at the shareholders' meeting. The declaration of intention by a shareholder shall be handled according to Article 177-2 of the Company Law.

Article 14

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

among themselves as the chairman of the meeting.

Article 15

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

Article 16

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

Article 17

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

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

Section IV - Directors

Article 18

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

To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least three independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The directors (including independent directors) shall be elected from among the nominees listed

in the roster of director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall be subject to the regulations prescribed by the Company Law and the securities authority.

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

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

The Company may purchase liability insurance for its directors.

Article 18-1

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

Article 19

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

Article 20

Deleted.

Article 21

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

Article 21-1

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

Article 22

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

Article 22-1

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

Article 23

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

Article 24

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

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

Article 25

Deleted

Section V - Officers and Staffers

Article 26

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

Article 27

Deleted

Article 28

Deleted

Section VI - Finalization of Accounts

Article 29

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

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

Article 30

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.

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.

Section VII - Supplementary Provisions

Article 31

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

Article 32

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

Article 33

These Articles of Incorporation were enacted on July 28, 1975.
The first amendment was made on September 25, 1976;
The second amendment was made on January 10, 1977;
The third amendment was made on May 31, 1977;
The fourth amendment was made on May 29, 1978;
The fifth amendment was made on March 31, 1979;
The sixth amendment was made on May 28, 1979;
The seventh amendment was made on September 20, 1980;
The eighth amendment was made on September 9, 1982;
The ninth amendment was made on April 20, 1983;
The tenth amendment was made on June 25, 1984;
The eleventh amendment was made on June 10, 1985;
The twelfth amendment was made on June 20, 1985;
The thirteenth amendment was made on July 12, 1985;
The fourteenth amendment was made on April 18, 1987;
The fifteenth amendment was made on May 12, 1987;
The sixteenth amendment was made on November 17, 1987;
The seventeenth amendment was made on December 11, 1987;
The eighteenth amendment was made on March 19, 1988;
The nineteenth amendment was made on May 12, 1988;
The twentieth amendment was made on July 24, 1988;
The twenty-first amendment was made on November 25, 1988;
The twenty-second amendment was made on May 22, 1989;
The twenty-third amendment was made on May 9, 1990;
The twenty-fourth amendment was made on May 8, 1991;
The twenty-fifth amendment was made on May 8, 1992;
The twenty-sixth amendment was made on May 8, 1993;
The twenty-seventh amendment was made on May 9, 1994;
The twenty-eighth amendment was made on May 10, 1995;
The twenty-ninth amendment was made on June 6, 1996;
The thirtieth amendment was made on June 3, 1997;
The thirty-first amendment was made on May 15, 1998;
The thirty-second amendment was made on May 12, 1999;
The thirty-third amendment was made on May 18, 2000;
The thirty-fourth amendment was made on May 16, 2001;
The thirty-fifth amendment was made on May 16, 2002;
The thirty-sixth amendment was made on May 6, 2003;
The thirty-seventh amendment was made on May 18, 2004;
The thirty-eighth amendment was made on May 19, 2005;
The thirty-ninth amendment was made on May 18, 2006;
The fortieth amendment was made on June 8, 2007;

The forty-first amendment was made on June 13, 2008;
The forty-second amendment was made on June 10, 2009;
The forty-third amendment was made on June 15, 2010;
The forty-fourth amendment was made on June 24, 2011;
The forty-five amendment was made on June 19, 2012;
The forty-Six amendment was made on June 7, 2013;
The forty-seventh amendment was made on June 10, 2014;
The forty-eighth amendment was made on June 10, 2015;
The forty-ninth amendment was made on June 8, 2016.

Appendix 6

Delta Electronics, Inc. Director Election Regulations **(Translation)**

Passed by general shareholders' meeting on March 19, 1988

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 June 13, 2008

Amendment passed by general shareholders' meeting on June 24, 2011

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

Article 1

These Regulations have been stipulated in accordance with the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies" in achieving fair, neutral, and open election of directors.

Article 2

Unless otherwise specified in applicable laws and regulations and the Company's Articles of Incorporation, the election of the Company's directors (including independent directors) shall be conducted in accordance with these Regulations.

Article 3

When selecting the Company's directors, it should take into consideration the overall composition of the Board of Directors. The members of the Board of Directors must commonly possess the knowledge, skills, and qualities needed to perform their duties, including business judgment, accounting and financial analysis ability, administrative management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making ability.

The number of directors having a spousal relationship or family relationship within the second degree of kinship with any other director shall be less than half of the total number of directors.

Article 4

The qualifications of the Company's independent directors must comply with

the competent authority's determination standards; the election of the independent directors shall be subject to the regulations prescribed by the competent authority.

The directors (including independent directors) shall be elected pursuant to the candidates nomination system in Article 192-1 of the Company Law.

Article 5

The Company's directors shall be elected by means of the single open cumulative ballot method. According to relevant laws, each share is entitled to votes equal to the number of directors to be elected, and the number of votes may be used together to elect one person or spread out over several persons. The Board of Directors shall prepare ballots equal to the number of directors to be elected. In addition to affixing the Company's seal on the ballots, each ballot shall bear an elector's attendance card number and number of votes for distribution to the attending shareholders.

Article 6

Candidates for election of the Company's directors shall be elected, with independent directors, non-independent directors elected at the same time but in separately calculated numbers, in sequence starting from those who have received the highest number of votes until the required number of persons specified in the Company's Articles of Incorporation and proposed by the Board of Directors are elected. If two or more persons receive the same number of votes, and resulting in the total number of persons to be elected exceeds the number specified in the Company's Articles of Incorporation, those persons who have received the same number of votes shall draw straws to decide who is elected. If any person who has received the same number of votes with others is not present at the meeting, the chairman shall draw a straw on that absent person's behalf.

Article 7

Before the start of an election the chairman shall designate several persons to count ballots and two persons (who should be shareholders) to check ballots to perform relevant duties. The Board of Directors shall prepare a ballot box. Persons designated to check ballots shall open and check the box in front of the meeting before voting begins.

Article 8

If a candidate is a shareholder, electors must clearly fill in the candidate's shareholder number and name in the candidate column of each ballot. If a candidate is not a shareholder, electors must clearly fill in the candidate's name and ID document number. ID document refers to the original copy of the citizens' ID card for domestic natural persons and the original copy of a passport for foreign natural persons. The ID document number shall serve as the person's ID number for the purpose of the election. However, if a candidate is a governmental organization or legal entity, the name of the governmental organization or legal entity (or the name of the government organization and its representative or the name of the legal entity and its representative) must be clearly filled out in the candidate column of the ballot. If there are several representatives, each of the representatives' names must be filled in.

Article 9

A ballot is invalid if any of the following circumstances occur:

1. The elector has failed to use a ballot prepared by the Board of Directors.
2. A blank ballot with no writings has been cast in the ballot box.
3. The writing is unclear and illegible or has been altered.
4. When the candidate is a shareholder, any item of the candidate's name, shareholder's account number, or number of votes allocated has been omitted or altered; or the candidate's name or shareholder's account number does not conform to that in the shareholders register.

If the candidate is not a shareholder, any item of the candidate's name, ID number, or number of votes allocated has been omitted or altered; or the candidate's name or ID number is found not to conform to that on the original documents.

5. The elector has intermixed other text or figures in addition to the candidate's name, shareholder's account number or ID number, and number of votes allocated.
6. The number of candidates on the ballot exceeds the specified number.

Article 10

If the number of votes allocated is less than the total number of votes vested to shareholders, the votes which are not cast shall be deemed to have been forfeited by that shareholder.

Article 11

The ballot box shall be opened in front of the meeting after the completion of voting. The chairman shall announce the names of the elected directors in front of the meeting, or the chairman may appoint a master of ceremonies to do so.

Article 12

The Company's Board of Directors shall issue election notification to each elected director.

Article 13

These Regulations shall be effective from the date they are approved by the shareholders' meeting. The same shall apply in the case of amendments.

Appendix 7

Delta Electronics, Inc. Shareholders' Meeting Rules and Procedures

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

Article 1

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

Article 2

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

Article 3

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

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

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

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

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

Article 4

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

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

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

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

Article 4-1

A shareholder could exercise his voting right in writing or by way of electronic transmission at the shareholders' meeting convened by the Company. A shareholder who exercised his voting right in writing or by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person but shall be deemed to have waived his voting right in respect of any extemporary motions and amendments to the original proposals at the shareholders' meeting.

Article 4-2

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

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

Article 5

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

Article 6

The Company shall, in the notification of the shareholders' meeting, specify attending shareholders' check-in time and place for such meeting and other important matters.

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

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

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

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

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

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

Article 7

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

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

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

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

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

Article 8

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

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

Article 9

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

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

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

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

Article 10

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

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

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

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

Article 11

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

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

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

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

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

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

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

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

Article 12

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

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

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

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

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

Article 13

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

Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders.

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

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

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

The ballots for voting or election matters shall be publicly counted at the meeting venue and once the counting is done, the result of voting including the number of votes casted shall be announced at the meeting and placed on record.

Article 14

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

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

Article 15

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

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

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

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

Article 16

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

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

Article 17

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

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

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

Article 18

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

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

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

Article 19

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

Appendix 8

Effect of Issuance of Bonus Shares to be Resolved at This Shareholders' Meeting on Operating Performance and Earnings per Share

No Stock distribution is proposed at this shareholders' meeting, and the Company is not required to disclose 2018 financial forecasts according to relevant laws and regulations. Hence, the Company is not required to disclose yearly forecast information.

Appendix 9

Shareholding of All Directors of the Company

1. In accordance with Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of shares held by all directors other than independent directors of the Company shall be 62,341,039.
2. As of the book closure date, the shareholding of directors recorded in the shareholder register is as follows:

Title	Name	Current shareholdings	
		Shares	Percentage
Chairman	Yancey Hai	984,067	0.04%
Vice Chairman	Mark Ko	837,630	0.03%
Director	Bruce CH Cheng	81,878,039	3.15%
Director	Ping Cheng	55,090,093	2.12%
Director	Simon Chang	903,811	0.04%
Director	Fred Chai-Yan Lee	0	0.00%
Director	Albert Chang	1,104,917	0.04%
Director	Chung-Hsing Huang	0	0.00%
Director	Johnson Lee	71,000	0.00%
Independent director	Tsong-Pyng Perng	0	0.00%
Independent director	Yung-Chin Chen	0	0.00%
Independent director	George Chao	0	0.00%
Independent director	Ji-Ren Lee	0	0.00%
Shareholdings of all directors		140,869,557	5.42%

Note 1: As of the book closure date, the number of issued shares of the Company is 2,597,543,329.

Note 2: The Company has established an Audit Committee, so the provisions on the minimum percentage requirements for the shareholding of supervisors shall not apply.

Appendix 10

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

1. In accordance with Article 172-1 and Article 192-1 of the Company Act, the proposal and nomination accepting period of 2018 Annual General Shareholders' Meeting is from April 3, 2018 to April 13, 2018.
2. Other than the nomination of candidates for the Company's 18th term of directors (including independent directors) by the board of directors, no proposal or nomination are raised by shareholders holding 1% or more of the total number of issued shares of the Company during the above period.