



**2021 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, 2021 at 10:00 a.m.

Place of the Meeting: Auditorium, 8F., No.16, Tungyuan Road, Chungli District, Taoyuan City

Handbook for the 2021 Annual General Shareholders' Meeting of Delta Electronics, Inc.

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Note: The Company's 2020 Parent Company Only Financial Statements, 2020 Consolidated Financial Statements and 2021 Annual General Shareholders' Meeting Handbook are available on the "Market Observation Post System" website; please visit <https://mops.twse.com.tw> for details.

I. MEETING PROCEDURES

Procedures of Delta Electronics, Inc. 2021 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

Voting and Resolution for each of proposal items

9. Election item

Voting for election item

10. Other proposals

Discussion of the release from non-competition restrictions on directors

Voting and resolution for the proposal

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12. Meeting adjourn

II. MEETING AGENDA

1. Report Items

- (1) 2020 Operation Results
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- (3) Audit Committee's Review Opinions on 2020 Annual Final Accounting Books and Statements
See Appendix 4: Audit Committee's Review Opinions on 2020 annual final accounting books and statements

(4) Report on 2020 Employees' and Directors' Compensation

The Company's annual profit in 2020 is NT\$31,001,404,908, of which 7.8% is allocated as the employees' compensation in cash totaling NT\$2,421,096,904 and 0.09% is allocated as the directors' compensation totaling NT\$29,400,000.

(5) Report on Short-form Merger between Delta Electronics, Inc. and UNICOM SYSTEM ENG. CORP.

In order to streamline Delta group and protect customers' rights, the Company merged with its 100% owned subsidiary UNICOM SYSTEM ENG.CORP. The resolution passed by both Boards of Directors held on October 28, 2020. The effective date of the merger is December 1, 2020. Upon the merger, the Company is the surviving company, while UNICOM SYSTEM ENG.CORP. is the dissolved company.

2. Proposal Items

- (1) Adoption of the 2020 Annual Final Accounting Books and Statements
(Proposed by the Board of Directors)

Explanation:

- a) This Company's 2020 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) had been resolved by the Board and Directors and reviewed by the Company's Audit Committee, of which the Parent Company Only Financial Statements and the Consolidated Financial Statements had been audited by CPA, Lin, Yu-Kuan and CPA, Chou, Chien-Hung from PricewaterhouseCoopers, Taiwan. 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 2020 Annual Final Accounting Books and Statements to the shareholders' meeting for adoption.

- (2) Adoption of the 2020 Earnings Distribution
(Proposed by the Board of Directors)

Explanation:

- a) The 2020 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 February 24, 2021.
- b) The Board of Director proposed to set aside NT\$14,286,488,310 for cash dividends. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of NT\$5.5 per share will be distributed. The Board of Directors authorized the Chairman subject to the approval of Annual General Shareholders' Meeting 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. 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 exercise of employee stock options), it is proposed that the Chairman 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 2020 Earnings Distribution to the shareholders' meeting for adoption.

Delta Electronics, Inc.
2020 Earnings Distribution Table

Item	Description	Unit: NT\$ Amount
Net profit after tax for the year 2020		25,485,230,567
Subtract: Setting aside 10% legal reserve		2,355,217,695
Setting aside special reserves		4,921,173,551
Earnings available for distribution by the end of 2020		18,208,839,321
Add: Retained earnings in the beginning of 2020		24,747,862,787
Subtract: Actuarial losses on defined benefit plan in 2020		119,914,156
Loss on disposal of financial assets at fair value through other comprehensive income in 2020		1,754,186,288
Difference between consideration and carrying amount of subsidiaries acquired or disposed		58,953,178
Earnings available for distribution by the end of the fiscal year (Note 1)		41,023,648,486
Distribution Items:		
Shareholders' dividends - Cash	NT\$5.5 per share	14,286,488,310
Undistributed earnings by the end of 2020		26,737,160,176

(Note 1) The principle of 2020 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.

Chairman: Yancey Hai

Manager: Ping Cheng

Chief Accounting Officer: Judy Wang

Voting and Resolution for each of proposal items

3. Election Item

- (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) expired. According to the Board's resolution, ten 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, 2021 and will expire on June 10, 2024. The directors will assume office immediately after this annual general shareholders meeting.
- b) The Company adopted the candidates nomination system for electing the 19th term of directors (including independent directors). After the Board of Directors' examination, the Board has approved ten 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
Yancey Hai	Master Degree in International Business Management, the University of Texas at Dallas/ Country Manager, GE Capital Taiwan, Vice-Chairman and CEO, Delta Electronics, Inc.	984,067
Mark Ko	Department of Electrical and Control Engineering, National Chiao Tung University/ President and COO, Delta Electronics, Inc.	807,630
Bruce CH Cheng	Department of Electrical Engineering, National Cheng Kung University, Honorary Doctorate, National Tsing Hua University, Honorary Doctorate, National Central University, Honorary Doctorate, National Cheng Kung University, Honorary Doctorate, National Taiwan University of Science and Technology, Honorary Doctorate, National Taipei University of Technology, Honorary Doctorate, National Chiao Tung University, Honorary Doctor, Asia University, Honorary Doctorate of Social Science, City University of Hong Kong, Honorary Doctorate, Taipei Medical University, Honorary Doctor of Science, National Yang-Ming University, Honorary Doctorate, National Taiwan University/ Chairman of Delta Electronics, Inc.	81,878,039
Ping Cheng	Department of Business Administration, California State University, Hayward/ Senior Vice-President of Delta Electronics, Inc. and President in Greater China Area of Delta Electronics, Inc.	55,640,093
Simon Chang	EMBA, Chung Yuan Christian University/ Senior Vice-President and General Manager, Delta Electronics, Inc.	903,811
Victor Cheng	MS Electrical Engineering, Santa Clara University/ Chairman and President, Delta Networks, Inc.	50,344,764

List of Candidates for Independent Directors

Name	Educational Background and Experience	Number of Shares Held
Ji-Ren Lee	Ph.D in Strategic Management, University of Illinois at Urbana-Champaign/ Associate Dean, College of Management and Executive Director, EMBA Program, National Taiwan University, Director, Creativity and Entrepreneurship Program, National Taiwan University	0
Shyue-Ching Lu	Ph.D in Electric Engineering, University of Hawaii/ Honor Professor, National Yang Ming Chiao Tung University, Chairman and CEO, Chunghwa Telecom Co., Ltd., Director General, Department of Posts and Telecommunications, Ministry of Transportation and Communications Republic of China	0
Rose Tsou	MBA, Northwestern University, J.L. Kellogg Graduate School of Management, MS in Mass Communication, Boston University/ Head of International, Verizon Media, Managing Director of Yahoo Asia Pacific, General Manager of Yahoo Taiwan	0
Jack J. T. Huang	S.J.D., Harvard University/ Attorney-at-Law, Jones Day Taipei Office, Honorary Chairman, Taiwan M&A and Private Equity Council	0

c) Please Vote

Voting for Election Item

Election Result:

4. Other Proposals

- (1) Discussion of the Release from Non-competition Restrictions on Directors
(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 annual general 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.
- c) Please refer to Appendix 5 for the concurrent positions of directors elected by the shareholders' meeting. If there is any change in their concurrent positions after the nomination, please refer to the detailed list disclosed on the spot during this annual general shareholders' meeting.
- d) The proposal is submitted for discussion.

Voting and Resolution for the Proposal

5. Extemporaneous Motions

Meeting Adjourn.

Appendix 1

Business Report

The year 2020 has been a turbulent time and a year of uncertainty for global economic activities and social events. Due to the global impact of COVID-19, many cities and borders have been closed, and governments have imposed strict crowd-control measures. At present, companies are facing challenges in production, logistics, warehousing and retailing. There is also a steep decline in consumption as both regional economies and personal livelihood activities have been significantly affected. It has been an extraordinarily volatile year for everyone, including governments and companies.

As the virus began to spread, Delta set up a global anti-epidemic command center to closely monitor developments amid the epidemic and established anti-epidemic prevention teams to track operating conditions at its global factories and branches. At the same time, it also built its own mask production line to provide protective equipment such as masks for front-line employees. In times of emergency, Delta's first priority is to take care of employees and to ensure their safety and health.

Fortunately, Delta has continued to achieve growth in terms of annual revenue and gross profit, thanks to all of its team's collective efforts. Delta's consolidated revenue in 2020 was NT\$282.6 billion, a 5% increase from the previous year; gross profit was NT\$87.2 billion, and gross profit margin grew from 27.8% in the previous year to 30.9%. Net operating profit was NT\$31.4 billion, with an increase in the net operating profit margin from 7.2% in the previous year to 11.1%. Net income after tax was NT\$25.5 billion, with an increase in the net after-tax profit margin from 8.6% to 9.0%. In 2020, Delta's earnings per share (EPS) was NT\$9.80 and return on equity (ROE) ratio was 17.8%.

Here is a summary of Delta's performance in various business fields in 2020, and future prospects:

Power Electronics

As the world's leading manufacturer of power supplies and brushless DC fans, Delta has contributed significantly to further improvements in the information industry. Due to the severity of the COVID-19 epidemic in 2020, many cities and companies around the world have implemented work-from-home protocols, and schools have adopted remote teaching, which has led to a surge in demand for information equipment. Delta's power supplies and fans for laptops, desktops, servers, and other related equipment have brought forth a new social norm in the COVID-19 era.

In 2020, Delta announced a strategic cooperation with GKN Automotive, the world's largest automotive transmission system supplier, to develop eDrive, which is an integrated electric drive system for next-generation electric vehicles. This three-in-one system combines Delta's motor drive with GKN Automotive's drive motor and gear box, and is expected to reduce system weight and size, as well as effectively streamline the assembly process, improve quality, and further solidify both parties' leading position in the global market.

With its corporate mission "To provide innovative, clean, and energy-efficient solutions for a better tomorrow," Delta has continued to strive over the years to improve its product efficiency and create value for its shareholders, while contributing to environmental sustainability. Delta was recognized by the U.S. Environmental Protection Agency (EPA) as an ENERGY STAR® Partner of the Year for a fifth consecutive year in 2020 and received the Sustained Excellence Award for three consecutive years.

The Sustained Excellence Award is ENERGY STAR's highest honor, recognizing outstanding companies whose product energy efficiency and energy conservation promotion have surpassed assessment standards. Delta has received this award three times, demonstrating its continuous implementation of a sustainable business philosophy based on extensive power electronics and control technology.

Automation

As a result of the COVID-19 outbreak, Delta plant employees were restricted from returning to work after the Chinese New Year in 2020. Although Delta's plant resumed work on February 10th in accordance with local government provisions, some employees were affected and could not return to work due to quarantine requirements in dormitories and travel restrictions in many cities.

Fortunately, Delta has been actively involved in the field of smart manufacturing for many years and is committed to enhancing the automation of its production lines. In exceptional times when the return-to-work rate was less than 40%, Delta was able to maintain the basic operation of its production lines. Delta's in-house automation team quickly set up a mask production line and started production the following day with only the purchase of raw materials required. At the most critical moment in the epidemic, there were two driving factors that helped increase the return-to-work rate and production capacity: highly automated production lines and automation teams that could respond to emergencies and help factories start making their own masks in the shortest possible time. This achievement once again highlights the importance of the Delta's ability to respond quickly and to flexibly adjust production lines for resilient manufacturing under any circumstances. Delta believes that in the post COVID-19 era, this will accelerate the manufacturing industry's pace of investment and transformation to smart manufacturing.

To strengthen the integrity of its smart manufacturing systems, in 2020 Delta acquired 100% of Trihedral Engineering Limited, a Canadian SCADA graphical control and industrial Internet of Things (IoT) software company. Trihedral has been developing SCADA graphical control software systems for more than 30 years, with major customers from the power, water treatment, and oil and gas industries. In recent years, it has been actively expanding its applications to new areas such as smart manufacturing. This acquisition integrates the experience and expertise of both companies in the automation business, which will help further enhance Delta's long-term competitiveness in the global automation market.

Although in the short-term there is a temporary slowdown in market demand due to the epidemic, Delta hasn't stopped developing its building automation business. Following the launch of its global strategic alliance with Microsoft in 2019, Delta further combined its Azure cloud and IoT technologies in 2020 to jointly develop two major smart building solutions -- the "Chiller System Anomaly Detection" and the "Bluetooth Intelligent Control".

The Chiller System Anomaly Detection is one of Delta energy online monitoring solutions. It is set up in Microsoft's real-time cloud monitoring system, that is used to detect and monitor conditions in real-time through running big data analysis, as well as handle abnormalities and reduce damage at the earliest possible times, thus helping improve operational efficiency and reduce costs. The Bluetooth Intelligent Control combines data analysis and AI applications to create a personalized lighting environment according to customer requirements with matching the changes of light in day and night. Through a comprehensive strategic cooperation and execute sales plans with Microsoft, both companies can further enhance their competitiveness in the global market by leveraging their respective strengths.

Infrastructure

To help promote the transition to low-carbon transportation and address climate change, Delta announced its membership in the International Electric Vehicle Initiative EV100 in 2018 and became not only the first member in Taiwan, but also the first electronics vehicle charging solutions provider member in the world. In 2020, Delta installed more than 100 electric vehicle chargers at its major operating locations, providing employees and customers with incentives to use low-carbon transportation. Due to the impact of the epidemic, many infrastructure projects around the world, such as 5G networks and electric vehicle charging facilities, have fallen behind schedule. However, as many social and business activities move online, companies are accelerating their digitalization and increasing their reliance on data centers in various industries. The importance of data centers is becoming increasingly apparent as these centers become a new type of public utility.

In 2020, Delta also made significant achievements in data center business development. Delta's data center POD solution (Point of Delivery) has been certified by the Uptime Institute TIER III, a prominent advisory organization which entails rigorous uptime requirements and long-term viability for IT equipment. Delta developed its POD solution by leveraging pre-engineering designs of in-house IT racks, aisle air containment, in-row precision cooling, modular UPS systems, a monitoring system and redundant distribution with high flexibility and fast implementation. With the doubling of global data traffic, the demand for modular data center solutions continues to grow, and the birth of Delta's POD system is the best solution to meet the trend of this digital wave.

Stable power supplies play a vital role in the development of industries. With the growth of population and industries, the demand for electricity is bound to increase in the future. However, conventional fossil fuel power generation has many negative impacts on the environment and ecology. In response to the global consensus on carbon reduction, Delta has been actively developing smart grids in recent years, hoping to contribute to the transformation of the energy through energy storage and control.

To achieve the smart grid vision, Delta and the Taiwan Power Company jointly built and announced completion of the largest energy storage system in Taiwan in 2020, which was the first to be integrated into the grid and actually receive real-time dispatching. The system is located at the Xia Xing of Kinmen's Tashan Power Plant, and includes a 1MWh lithium-ion Power Station battery energy storage system, a 2MW capacity power conditioning system, energy management system, and environmental management system. The total solution was designed, manufactured, and built by Delta to specialize in one-stop integrated services that can quickly supply backup power within 200 ms after an unplanned generator outage takes place and provide a 30-minute buffer time to the power plant to help stabilize the grid. Delta chose Kinmen as a demonstration island for smart grid, and plans to apply the successful experience of the system to future smart grid installations on the main island. Delta is taking practical steps to help Taiwan's smart grid evolve further.

In the face of climate change and global sustainable development, Delta has seriously responded with concrete actions to ESG (Environmental, Social, Governance) issues. In 2020, Delta was selected to the Dow Jones Sustainability Indices (DJSI) World Index for the tenth consecutive year and was distinguished from other benchmark companies by being honored as an Industry Leader for the fifth time. In addition, Delta received the top "A" leadership award in the 2020 CDP's "climate change" and "water security" ratings, making it one of the first companies in Taiwan to receive a double "A" in recognition of Delta's concrete actions.

After setting a scientific carbon intensity reduction target of 56.6% in 2017, Delta has achieved its milestone carbon intensity targets for three consecutive years. In 2018, Delta actively engaged the Task Force on Climate-related Financial Disclosures (TCFD) to regularly assess the risks and opportunities brought by climate change. Delta discloses information in its annual report and CSR report in accordance with the TCFD framework as a basis for improving climate readiness. It is worth mentioning that Delta was selected as the best international brand in Taiwan for the tenth consecutive year in 2020, and its brand value has grown for eight consecutive years, reaching US\$331 million, an 11% increase from 2019.

In recent years, international affairs, technology development, the natural environment, and even social patterns have all changed rapidly. As a company, the only way to stand firm in an ever-changing business environment is to keep an eye on external changes and remain flexible at all times. In 2021, our 50th anniversary, Delta would like to thank our customers, shareholders and partners for their support over the past half-century. With the world still experiencing turmoil due to the epidemic we have taken determined steps to bring our employees through the fog. Looking to the future, we are committed to sustainable development as our core value and will continue to guide our colleagues amid new challenges as we create new opportunities.

Chairman	Yancey Hai
Manager	Ping Cheng
Chief Account Officer	Judy Wang

INDEPENDENT AUDITORS' REPORT

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, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, 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. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other auditors, 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 Company's 2020 parent company only financial statements. 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 2020 parent company only financial statements are stated as follows:

Assessment of the reasonableness of the purchase price allocation for business combination

Description

In June 2019, the subsidiary of the Company acquired 100% of Amerlux, LLC. Such business acquisition was recognized as investment accounted for under the equity method in the balance sheet. The allocation of the acquisition price was completed in the second quarter of 2020.

As the net fair value of identifiable assets and liabilities and the allocation of goodwill are based on management's estimation and involve accounting estimations and assumptions, we consider this equity price allocation transaction a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of the purchase price allocation which was estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Company. Our procedures also included the following:

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

Impairment assessment of investments accounted for under equity method

Description

As at December 31, 2020, the recognised goodwill as a result of the investments in Cyntec Co., Ltd., Eltek AS, Delta Controls Inc., Loy Tec electronics GmbH, Delta Greentech (China) Co., Ltd. and Amerlux, LLC is material. Refer to Note 5 for accounting estimates of impairment assessment of investments accounted for under the equity method and the uncertainty of assumptions.

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 the 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 the 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 and operating margin with historical data, economic and industrial forecast documents; and
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rates of return of similar assets.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method and information on investees disclosed in Note 13. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. These investments accounted for under the equity method amounted to NT\$26,749,245 thousand and NT\$24,269,195 thousand, constituting 11.87% and 12.03% of total assets as at December 31, 2020 and 2019, respectively, and the share of profit of associates and joint ventures accounted for under the equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method was NT\$4,491,467 thousand and NT\$1,677,887 thousand, constituting 24.03% and 7.57% of total comprehensive income for the years

then ended, respectively.

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

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

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

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

Auditors' 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 auditors' 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The parent company only financial statements of Delta Electronics, Inc. as at and for the year ended December 31, 2020 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 \$28.095 to US\$1.00 at December 31, 2020. This basis of translation is not in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2021

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

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

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2019
Current assets				
Cash and cash equivalents	6(1)	\$ 54,324	\$ 1,526,220	\$ 645,136
Financial assets at fair value through other comprehensive income - current	6(3)	-	-	319,823
Contract assets - current	6(16)	82,659	2,322,301	735,763
Notes receivable, net	6(4)	1,215	34,132	63,493
Accounts receivable, net	6(4)	242,627	6,816,593	4,447,348
Accounts receivable - related parties	7	261,374	7,343,305	4,959,305
Other receivables		2,523	70,900	97,967
Other receivables - related parties	7	22,102	620,947	456,383
Inventories	6(5)	157,167	4,415,599	3,578,871
Prepayments		29,568	830,709	1,070,916
Other current assets	8	4,454	125,165	170,407
Total current assets		<u>858,013</u>	<u>24,105,871</u>	<u>16,545,412</u>
Non-current assets				
Financial assets at fair value through profit or loss - non-current	6(2)	33,724	947,464	43,198
Financial assets at fair value through other comprehensive income - non-current	6(3)	49,980	1,404,189	1,259,966
Contract assets - non-current	6(16)	23,845	669,926	-
Investments accounted for under the equity method	6(6)	6,115,810	171,823,674	161,276,288
Property, plant and equipment	6(7)	825,815	23,201,266	19,793,789
Right-of-use assets	6(8)	17,348	487,399	525,718
Intangible assets	6(9)	47,650	1,338,725	1,008,581
Deferred income tax assets	6(23)	24,068	676,203	582,385
Other non-current assets	6(4)(10) and 8	23,856	670,244	768,814
Total non-current assets		<u>7,162,096</u>	<u>201,219,090</u>	<u>185,258,739</u>
Total assets		<u>\$ 8,020,109</u>	<u>\$ 225,324,961</u>	<u>\$ 201,804,151</u>

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2019
Current liabilities				
Contract liabilities - current	6(16)	\$ 85,235	\$ 2,394,670	\$ 464,306
Accounts payable		103,895	2,918,923	2,409,962
Accounts payable - related parties	7	308,651	8,671,549	7,725,925
Other payables		419,837	11,795,315	10,564,812
Other payables - related parties	7	6,693	188,041	288,794
Current income tax liabilities		30,256	850,053	519,822
Other current liabilities		15,904	446,817	615,625
Total current liabilities		<u>970,471</u>	<u>27,265,368</u>	<u>22,589,246</u>
Non-current liabilities				
Contract liabilities - non-current	6(16)	13,303	373,758	-
Long-term borrowings	6(11)	1,374,566	38,618,445	26,995,000
Deferred income tax liabilities	6(23)	383,158	10,764,819	9,481,142
Lease liabilities - non-current		15,225	427,745	457,795
Other non-current liabilities	6(12)	70,315	1,975,488	2,124,091
Total non-current liabilities		<u>1,856,567</u>	<u>52,160,255</u>	<u>39,058,028</u>
Total liabilities		<u>2,827,038</u>	<u>79,425,623</u>	<u>61,647,274</u>
Equity				
Share capital				
Common stock	6(13)	924,557	25,975,433	25,975,433
Capital surplus				
Capital surplus	6(14)	1,751,290	49,202,505	49,103,331
Retained earnings				
Legal reserve	6(15)	973,217	27,342,534	25,030,754
Special reserve		271,295	7,622,034	7,561,032
Unappropriated retained earnings		1,719,169	48,300,040	40,108,361
Other equity interest				
Other equity interest		(446,457)	(12,543,208)	(7,622,034)
Total equity		<u>5,193,071</u>	<u>145,899,338</u>	<u>140,156,877</u>
Significant contingent liabilities and unrecorded contract commitments	9			
Significant subsequent events	11			
Total liabilities and equity		<u>\$ 8,020,109</u>	<u>\$ 225,324,961</u>	<u>\$ 201,804,151</u>

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
Operating revenue	6(16) and 7	\$ 2,070,978	\$ 58,184,137	\$ 47,945,673	
Operating costs	6(5)(21) (22)and 7	(1,289,762)	(36,235,864)	(31,595,117)	
Gross Profit		<u>781,216</u>	<u>21,948,273</u>	<u>16,350,556</u>	
Operating expenses	6(21)(22)				
Selling expenses		(39,242)	(1,102,518)	(1,109,232)	
General and administrative expenses		(97,422)	(2,737,068)	(2,706,854)	
Research and development expenses		(442,058)	(12,419,620)	(10,910,222)	
Expected credit impairment loss	12(2)	(597)	(16,770)	(14,602)	
Total operating expenses		<u>(579,319)</u>	<u>(16,275,976)</u>	<u>(14,740,910)</u>	
Operating profit		<u>201,897</u>	<u>5,672,297</u>	<u>1,609,646</u>	
Non-operating income and expenses					
Interest income	6(17)	241	6,772	17,125	
Other income	6(18)	35,911	1,008,901	891,711	
Other gains and losses	6(19)	(3,425)	(96,221)	2,054,748	
Finance costs	6(20)	(6,610)	(185,695)	(132,833)	
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	788,213	22,144,854	20,755,540	
Total non-operating income and expenses		<u>814,330</u>	<u>22,878,611</u>	<u>23,586,291</u>	
Profit before income tax		<u>1,016,227</u>	<u>28,550,908</u>	<u>25,195,937</u>	
Income tax expense	6(23)	(109,118)	(3,065,677)	(2,078,140)	
Profit for the year		<u>\$ 907,109</u>	<u>\$ 25,485,231</u>	<u>\$ 23,117,797</u>	
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans	6(12)	(\$ 2,463)	(\$ 69,191)	(\$ 30,435)	
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	11,613	326,268	185,277	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		(2,298)	(64,561)	(216,636)	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	493	13,838	6,088	
Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>7,345</u>	<u>206,354</u>	<u>(55,706)</u>	
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(295,037)	(8,289,061)	(2,861,873)	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss		28,876	811,276	2,492,140	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(23)	16,948	476,157	(527,130)	
Other comprehensive income (loss) that will be reclassified to profit or loss		<u>(249,213)</u>	<u>(7,001,628)</u>	<u>(896,863)</u>	
Other comprehensive income (loss) for the year		<u>(\$ 241,868)</u>	<u>(\$ 6,795,274)</u>	<u>(\$ 952,569)</u>	
Total comprehensive income for the year		<u>\$ 665,241</u>	<u>\$ 18,689,957</u>	<u>\$ 22,165,228</u>	
Earnings per share					
Basic earnings per share	6(24)	\$ 0.35	\$ 9.81	\$ 8.90	
Diluted earnings per share	6(24)	\$ 0.35	\$ 9.77	\$ 8.85	

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	Retained earnings				Other equity interest				Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	
<u>2019 New Taiwan Dollars</u>										
Balance at January 1, 2019		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	(\$ 4,422,025)	(\$ 3,270,159)	\$ 131,152	\$ 130,271,159
Effects of retrospective application and retrospective restatement		-	-	-	-	1,943	-	-	-	1,943
Balance after retrospective restatement at January 1, 2019		<u>25,975,433</u>	<u>48,397,067</u>	<u>23,211,444</u>	<u>7,088,143</u>	<u>33,162,047</u>	<u>(4,422,025)</u>	<u>(3,270,159)</u>	<u>131,152</u>	<u>130,273,102</u>
Profit for the year		-	-	-	-	23,117,797	-	-	-	-
Other comprehensive income (loss) for the year		-	-	-	-	(255,785)	(912,967)	200,079	16,104	(952,569)
Comprehensive income (loss) for the year		-	-	-	-	<u>22,862,012</u>	<u>(912,967)</u>	<u>200,079</u>	<u>16,104</u>	<u>22,165,228</u>
Distribution of 2018 earnings	6(15)									
Legal reserve		-	-	1,819,310	-	(1,819,310)	-	-	-	-
Special reserve		-	-	-	472,889	(472,889)	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	34,941	-	-	-	-	-	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	671,323	-	-	-	-	-	-	671,323
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(635,782)	-	635,782	-	-
Balance at December 31, 2019		<u>\$ 25,975,433</u>	<u>\$ 49,103,331</u>	<u>\$ 25,030,754</u>	<u>\$ 7,561,032</u>	<u>\$ 40,108,361</u>	<u>(\$ 5,334,992)</u>	<u>(\$ 2,434,298)</u>	<u>\$ 147,256</u>	<u>\$ 140,156,877</u>
<u>2020 New Taiwan Dollars</u>										
Balance at January 1, 2020		\$ 25,975,433	\$ 49,103,331	\$ 25,030,754	\$ 7,561,032	\$ 40,108,361	(\$ 5,334,992)	(\$ 2,434,298)	\$ 147,256	\$ 140,156,877
Profit for the year		-	-	-	-	25,485,231	-	-	-	25,485,231
Other comprehensive income (loss) for the year		-	-	-	-	(119,914)	(6,984,988)	326,268	(16,640)	(6,795,274)
Comprehensive income (loss) for the year		-	-	-	-	<u>25,365,317</u>	<u>(6,984,988)</u>	<u>326,268</u>	<u>(16,640)</u>	<u>18,689,957</u>
Distribution of 2019 earnings	6(15)									
Legal reserve		-	-	2,311,780	-	(2,311,780)	-	-	-	-
Special reserve		-	-	-	61,002	(61,002)	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	195,879	-	-	-	-	-	-	195,879
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	(96,705)	-	-	(58,953)	-	-	-	(155,658)
Disposal of equity investment at fair value through other comprehensive income	6(3)	-	-	-	-	(1,754,186)	-	1,754,186	-	-
Balance at December 31, 2020		<u>\$ 25,975,433</u>	<u>\$ 49,202,505</u>	<u>\$ 27,342,534</u>	<u>\$ 7,622,034</u>	<u>\$ 48,300,040</u>	<u>(\$ 12,319,980)</u>	<u>(\$ 353,844)</u>	<u>\$ 130,616</u>	<u>\$ 145,899,338</u>

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	Retained earnings				Other equity interest				Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	
<u>2020 US Dollars</u>										
Balance at January 1, 2020		\$ 924,557	\$ 1,747,760	\$ 890,933	\$ 269,124	\$ 1,427,598	(\$ 189,891)	(\$ 86,645)	\$ 5,241	\$ 4,988,677
Profit for the year		-	-	-	-	907,109	-	-	-	907,109
Other comprehensive income (loss) for the year		-	-	-	-	(4,269)	(248,620)	11,613	(592)	(241,868)
Comprehensive income (loss) for the year		-	-	-	-	902,840	(248,620)	11,613	(592)	665,241
Distribution of 2019 earnings	6(15)	-	-	82,284	-	(82,284)	-	-	-	-
Legal reserve		-	-	82,284	-	(82,284)	-	-	-	-
Special reserve		-	-	-	2,171	(2,171)	-	-	-	-
Cash dividends		-	-	-	-	(462,279)	-	-	-	(462,279)
Changes in ownership interests in subsidiaries		-	6,972	-	-	-	-	-	-	6,972
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	(3,442)	-	-	(2,098)	-	-	-	(5,540)
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(62,437)	-	62,437	-	-
Balance at December 31, 2020		\$ 924,557	\$ 1,751,290	\$ 973,217	\$ 271,295	\$ 1,719,169	(\$ 438,511)	(\$ 12,595)	\$ 4,649	\$ 5,193,071

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax for the year		\$ 1,016,227	\$ 28,550,908	\$ 25,195,937	
Adjustments					
Income and expenses having no effect on cash flows					
Depreciation	6(7)(8)(21)	66,890	1,879,266	1,411,957	
Amortisation	6(9)(21)	15,927	447,457	448,662	
Expected credit impairment loss	12(2)	597	16,770	14,602	
Interest expense	6(20)	6,610	185,695	132,833	
Interest income	6(17)	(241)	(6,772)	(17,125)	
Dividend income	6(18)	(1,581)	(44,420)	(55,722)	
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	(788,213)	(22,144,854)	(20,755,540)	
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(19)	(35)	(993)	4,241	
(Gain) loss on disposal of property, plant and equipment	6(19)	(68)	(1,908)	1,361	
Loss (gain) on disposal of investments	6(19)	781	21,946	(2,113,283)	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		-	-	27,152	
Contract assets		(79,631)	(2,237,232)	144,791	
Notes receivable		1,045	29,361	6,146	
Accounts receivable		(84,512)	(2,374,353)	2,547,349	
Accounts receivable - related parties		(84,855)	(2,384,000)	(2,170,142)	
Other receivables		194	5,441	255,243	
Other receivables - related parties		(5,857)	(164,564)	180,693	
Inventories		(29,782)	(836,728)	(505,188)	
Prepayments		8,550	240,207	(238,464)	
Other current assets		1,613	45,326	(74,976)	
Other non-current assets		2,479	69,656	(64,930)	
Net changes in liabilities relating to operating activities					
Contract liabilities		81,760	2,297,050	8,303	
Accounts payable		18,048	507,054	(175,745)	
Accounts payable - related parties		33,658	945,624	83,303	
Other payables		43,433	1,220,256	694,436	
Other payables - related parties		(3,586)	(100,753)	(36,740)	
Other current liabilities		(5,748)	(161,461)	(373,450)	
Other non-current liabilities		(10,405)	(292,320)	228,549	
Cash inflow generated from operations		203,298	5,711,659	4,804,253	
Interest received		236	6,624	16,979	
Dividends received		131,203	3,686,138	6,200,189	
Interest paid		(6,252)	(175,648)	(126,667)	
Income taxes paid		(37,299)	(1,047,904)	(1,011,371)	
Net cash flows from operating activities		291,186	8,180,869	9,883,383	

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars 2020	New Taiwan Dollars 2020	New Taiwan Dollars 2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through profit or loss		(\$ 32,034)	(\$ 900,000)	\$ -
Acquisition of financial assets at fair value through other comprehensive income		-	-	(11,190)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	17,863	501,867	402,780
Acquisition of investments accounted for under the equity method		(6,303)	(177,078)	(309,510)
Proceeds from capital reduction of investments accounted for under the equity method		8,309	233,452	46,642
Acquisition of property, plant and equipment	6(7)	(185,663)	(5,216,193)	(6,110,524)
Proceeds from disposal of property, plant and equipment		476	13,364	27,859
Acquisition of intangible assets	6(9)	(12,890)	(362,139)	(506,394)
Decrease (increase) in prepayments for business facilities		984	27,642	(133,758)
Decrease in cash surrender value of life insurance		372	10,441	6,827
Increase in refundable deposits		(326)	(9,169)	(2,066)
Cash inflow due to business combinations	6(25)	832	23,384	445,267
Net cash flows used in investing activities		(208,380)	(5,854,429)	(6,144,067)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Proceeds from long-term debt	6(26)	2,347,089	65,941,443	9,597,000
Repayment of long-term debt	6(26)	(1,933,369)	(54,317,998)	-
Increase in guarantee deposit received		-	-	122,570
Lease principal repayment		(2,886)	(81,084)	(65,941)
Cash dividends paid	6(15)	(462,279)	(12,987,717)	(12,987,717)
Net cash flows used in financing activities		(51,445)	(1,445,356)	(3,334,088)
Net increase in cash and cash equivalents		31,361	881,084	405,228
Cash and cash equivalents at beginning of year		22,963	645,136	239,908
Cash and cash equivalents at end of year		<u>\$ 54,324</u>	<u>\$ 1,526,220</u>	<u>\$ 645,136</u>

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

Appendix 3

INDEPENDENT AUDITORS' REPORT

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 subsidiaries (the “Group”) as at December 31, 2020 and 2019, 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 reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, 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. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other auditors, 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 Group’s 2020 consolidated financial statements. 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 2020 consolidated financial statements are stated as follows:

Assessment of the reasonableness of the purchase price allocation for business combination

Description

In June 2019, the Group acquired 100% of Amerlux, LLC. The allocation of the acquisition price was completed in the second quarter of 2020. The value of intangible assets, inclusive of goodwill and identifiable intangible assets-premium on customer relationship, etc., acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, “Business Combination”. For details of purchase price allocation, refer to Note 6(31).

As the net fair value of identifiable assets and liabilities and the allocation of goodwill are based on management’s estimation and involve accounting estimations and assumptions, we consider this equity price allocation transaction a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of the purchase price allocation which was estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the 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 operating margin with historical data, economic and industry forecasts; and
- C. Comparing the discount rate with the cost of capital assumptions of cash generating units and rate of return of similar assets.

Impairment assessment of goodwill

Description

As at December 31, 2020, the recognised goodwill as a result of the acquisitions of Cyntec Co., Ltd., Eltek AS, Delta Controls Inc., Delta Greentech (China) Co., Ltd., Amerlux, LLC and Loy Tec electronics GmbH amounted to NT\$15,532,478 thousand, constituting 4.62% of the consolidated total assets. Refer to Notes 5(2) and 6(12) for details.

As the balance of goodwill acquired from the merger is material, the valuation model adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment

assessment of goodwill a key audit matter.

How our audit addressed the matter

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

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

Other matter – Reference to the audits of other auditors

We did not audit the consolidated financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$64,807,490 thousand and NT\$56,952,036 thousand, constituting 19.26% and 18.31% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the operating revenue amounted to NT\$63,667,883 thousand and NT\$45,582,501 thousand, constituting 22.53% and 17.00% of the consolidated total operating revenue for the years then ended, respectively. The balance of investments accounted for under the equity method amounted to NT\$0, constituting 0% of the consolidated total assets as at December 31, 2020 and 2019, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$0 and NT\$429,060 thousand, constituting 0% and 1.80% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

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

2020 and 2019.

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.

Auditors’ 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 auditors’ 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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 at and for the year ended December 31, 2020 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 \$28.095 to US\$1.00 at December 31, 2020. 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

February 24, 2021

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 independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2019
Current assets				
Cash and cash equivalents	6(1)	\$ 2,089,766	\$ 58,711,985	\$ 43,960,001
Financial assets at fair value through profit or loss - current	6(2)	37,777	1,061,343	1,122,458
Financial assets at fair value through other comprehensive income - current	6(3)	-	-	319,823
Contract assets - current	6(21)	77,261	2,170,634	1,087,489
Notes receivable, net	6(5)	132,892	3,733,595	3,816,628
Accounts receivable, net	6(5)	2,106,333	59,177,433	52,955,106
Accounts receivable - related parties	7	1,505	42,284	263,644
Other receivables	7	64,193	1,803,498	1,480,157
Current income tax assets		12,980	364,666	372,654
Inventories	6(7)	1,597,773	44,889,429	39,316,423
Prepayments		77,281	2,171,217	2,400,734
Other current assets	8	27,078	760,771	463,074
Total current assets		<u>6,224,839</u>	<u>174,886,855</u>	<u>147,558,191</u>
Non-current assets				
Financial assets at fair value through profit or loss - non-current	6(2)	104,723	2,942,196	2,225,239
Financial assets at fair value through other comprehensive income - non-current	6(3)	68,613	1,927,683	1,797,301
Contract assets - non-current	6(21)	18,749	526,766	304,338
Investments accounted for under the equity method	6(8)	27,941	785,002	1,138,920
Property, plant and equipment	6(9) and 8	2,436,091	68,441,975	63,590,981
Right-of-use assets	6(10)	107,519	3,020,746	3,113,833
Investment property, net	6(11)	501	14,070	14,070
Intangible assets	6(12)	2,685,874	75,459,630	82,432,653
Deferred income tax assets	6(28)	230,351	6,471,705	6,679,405
Other non-current assets	6(5)(13) and 8	69,037	1,939,587	2,182,359
Total non-current assets		<u>5,749,399</u>	<u>161,529,360</u>	<u>163,479,099</u>
Total assets		<u>\$ 11,974,238</u>	<u>\$ 336,416,215</u>	<u>\$ 311,037,290</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2019
Current liabilities					
Short-term borrowings	6(14)	\$ 71,242	\$ 2,001,532	\$ 7,575,932	
Financial liabilities at fair value through profit or loss - current	6(2)				
Contract liabilities - current	6(21)	2,138	60,060	15,929	
Notes payable		178,416	5,012,589	3,352,208	
Accounts payable		99	2,770	21,669	
Accounts payable - related parties	7	1,661,773	46,687,510	39,478,462	
Other payables		1,055	29,641	32,197	
Other current liabilities	6(15)	1,170,465	32,884,221	28,829,379	
Current income tax liabilities		109,823	3,085,472	2,187,076	
Total current liabilities		<u>151,617</u>	<u>4,259,706</u>	<u>4,233,308</u>	
Non-current liabilities		<u>3,346,628</u>	<u>94,023,501</u>	<u>85,726,160</u>	
Long-term borrowings	6(15)	1,399,323	39,313,990	27,748,839	
Deferred income tax liabilities	6(28)	549,924	15,450,119	14,008,861	
Lease liabilities - non-current		50,234	1,411,312	1,421,265	
Other non-current liabilities		271,495	7,627,652	7,777,723	
Total non-current liabilities		<u>2,270,976</u>	<u>63,803,073</u>	<u>50,956,688</u>	
Total liabilities		<u>5,617,604</u>	<u>157,826,574</u>	<u>136,682,848</u>	
Equity					
Share capital					
Common stock	6(17)	924,557	25,975,433	25,975,433	
Capital surplus	6(18)				
Capital surplus		1,751,290	49,202,505	49,103,331	
Retained earnings	6(19)				
Legal reserve		973,217	27,342,534	25,030,754	
Special reserve		271,295	7,622,034	7,561,032	
Unappropriated retained earnings		1,719,169	48,300,040	40,108,361	
Other equity interest					
Other equity interest		(446,457)	(12,543,208)	(7,622,034)	
Equity attributable to owners of the parent		<u>5,193,071</u>	<u>145,899,338</u>	<u>140,156,877</u>	
Non-controlling interest	4(3) and 6(20)	<u>1,163,563</u>	<u>32,690,303</u>	<u>34,197,565</u>	
Total equity		<u>6,356,634</u>	<u>178,589,641</u>	<u>174,354,442</u>	
Significant contingent liabilities and unrecorded contract commitments	9				
Significant subsequent events	11				
Total liabilities and equity		<u>\$ 11,974,238</u>	<u>\$ 336,416,215</u>	<u>\$ 311,037,290</u>	

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
Operating revenue	6(21) and 7	\$ 10,058,925	\$ 282,605,493	\$ 268,131,397	
Operating costs	6(7)(26) (27) and 7	(6,954,729)	(195,393,115)	(193,635,252)	
Gross profit		<u>3,104,196</u>	<u>87,212,378</u>	<u>74,496,145</u>	
Operating expenses	6(26)(27)				
Selling expenses		(655,989)	(18,430,010)	(19,837,224)	
General and administrative expenses		(427,861)	(12,020,761)	(11,418,313)	
Research and development expenses		(906,918)	(25,479,870)	(23,887,886)	
Expected credit impairment gain	12(2)	<u>5,127</u>	<u>144,067</u>	<u>56,068</u>	
Total operating expenses		(1,985,641)	(55,786,574)	(55,087,355)	
Operating profit		<u>1,118,555</u>	<u>31,425,804</u>	<u>19,408,790</u>	
Non-operating income and expenses					
Interest income	6(22)	19,368	544,147	886,537	
Other income	6(23)	140,232	3,939,821	3,150,629	
Other gains and losses	6(12)(24)	(42,679)	(1,199,056)	(6,304,445)	
Finance costs	6(25)	(13,377)	(375,837)	(737,869)	
Share of (loss) profit of associates and joint ventures accounted for under the equity method	6(8)	(2,121)	(59,596)	(141,877)	
Total non-operating income and expenses		<u>101,423</u>	<u>2,849,479</u>	<u>9,745,619</u>	
Profit before income tax		<u>1,219,978</u>	<u>34,275,283</u>	<u>29,154,409</u>	
Income tax expense	6(28)	(245,273)	(6,890,944)	(5,226,653)	
Profit for the year		<u>\$ 974,705</u>	<u>\$ 27,384,339</u>	<u>\$ 23,927,756</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Loss on remeasurements of defined benefit plans		(\$ 5,580)	(\$ 156,768)	(\$ 336,375)	
Unrealised gain on valuation of equity investment at fair value through other comprehensive income	6(3)	11,613	326,268	200,079	
Share of other comprehensive income of associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		-	-	16,500	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	493	13,838	6,088	
Other comprehensive income (loss) that will not be reclassified to profit or loss		6,526	183,338	(113,708)	
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(341,408)	(9,591,864)	(2,958,933)	
(Loss) gain on hedging instrument		(658)	(18,489)	2,700	
Share of other comprehensive income of associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss		29	819	3,535,054	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(28)	16,948	476,157	(527,130)	
Other comprehensive (loss) income that will be reclassified to profit or loss		(325,089)	(9,133,377)	51,691	
Other comprehensive loss for the year		(\$ 318,563)	(\$ 8,950,039)	(\$ 62,017)	
Total comprehensive income for the year		\$ 656,142	\$ 18,434,300	\$ 23,865,739	
Profit attributable to:					
Owners of the parent		\$ 907,109	\$ 25,485,231	\$ 23,117,797	
Non-controlling interest		\$ 67,596	\$ 1,899,108	\$ 809,959	
Comprehensive income (loss) attributable to:					
Owners of the parent		\$ 665,241	\$ 18,689,957	\$ 22,165,228	
Non-controlling interest		(\$ 9,099)	(\$ 255,657)	\$ 1,700,511	
Earnings per share					
Basic earnings per share	6(29)	\$ 0.35	\$ 9.81	\$ 8.90	
Diluted earnings per share	6(29)	\$ 0.35	\$ 9.77	\$ 8.85	

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Equity attributable to owners of the parent												
	Notes	Retained earnings					Other equity interest					
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total	Non-controlling interest	Total equity
2019 New Taiwan Dollars												
Balance at January 1, 2019		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	(\$ 4,422,025)	(\$ 3,270,159)	\$ 131,152	\$ 130,271,159	\$ 9,189,749	\$ 139,460,908
Effects of retrospective application and retrospective restatement		-	-	-	-	1,943	-	-	-	1,943	-	1,943
Balance after retrospective restatement at January 1, 2019		<u>25,975,433</u>	<u>48,397,067</u>	<u>23,211,444</u>	<u>7,088,143</u>	<u>33,162,047</u>	<u>(4,422,025)</u>	<u>(3,270,159)</u>	<u>131,152</u>	<u>130,273,102</u>	<u>9,189,749</u>	<u>139,462,851</u>
Profit for the year		-	-	-	-	23,117,797	-	-	-	23,117,797	809,959	23,927,756
Other comprehensive income (loss) for the year		-	-	-	-	(255,785)	(912,967)	200,079	16,104	(952,569)	890,552	(62,017)
Comprehensive income (loss) for the year		-	-	-	-	<u>22,862,012</u>	<u>(912,967)</u>	<u>200,079</u>	<u>16,104</u>	<u>22,165,228</u>	<u>1,700,511</u>	<u>23,865,739</u>
Distribution of 2018 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	1,819,310	-	(1,819,310)	-	-	-	-	-	-
Special reserve		-	-	-	472,889	(472,889)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
Change in ownership interests in subsidiaries		-	34,941	-	-	-	-	-	-	34,941	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	671,323	-	-	-	-	-	-	671,323	(4,947,661)	(4,276,338)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	28,254,966	28,254,966
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(635,782)	-	635,782	-	-	-	-
Balance at December 31, 2019		<u>\$ 25,975,433</u>	<u>\$ 49,103,331</u>	<u>\$ 25,030,754</u>	<u>\$ 7,561,032</u>	<u>\$ 40,108,361</u>	<u>(\$ 5,334,992)</u>	<u>(\$ 2,434,298)</u>	<u>\$ 147,256</u>	<u>\$ 140,156,877</u>	<u>\$ 34,197,565</u>	<u>\$ 174,354,442</u>
2020 New Taiwan Dollars												
Balance at January 1, 2020		\$ 25,975,433	\$ 49,103,331	\$ 25,030,754	\$ 7,561,032	\$ 40,108,361	(\$ 5,334,992)	(\$ 2,434,298)	\$ 147,256	\$ 140,156,877	\$ 34,197,565	\$ 174,354,442
Profit for the year		-	-	-	-	25,485,231	-	-	-	25,485,231	1,899,108	27,384,339
Other comprehensive income (loss) for the year		-	-	-	-	(119,914)	(6,984,988)	326,268	(16,640)	(6,795,274)	(2,154,765)	(8,950,039)
Comprehensive income (loss) for the year		-	-	-	-	<u>25,365,317</u>	<u>(6,984,988)</u>	<u>326,268</u>	<u>(16,640)</u>	<u>18,689,957</u>	<u>(255,657)</u>	<u>18,434,300</u>
Distribution of 2019 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	2,311,780	-	(2,311,780)	-	-	-	-	-	-
Special reserve		-	-	-	61,002	(61,002)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	195,879	-	-	-	-	-	-	195,879	-	195,879
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	(96,705)	-	-	(58,953)	-	-	-	(155,658)	(243,181)	(398,839)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(1,008,424)	(1,008,424)
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(1,754,186)	-	1,754,186	-	-	-	-
Balance at December 31, 2020		<u>\$ 25,975,433</u>	<u>\$ 49,202,505</u>	<u>\$ 27,342,534</u>	<u>\$ 7,622,034</u>	<u>\$ 48,300,040</u>	<u>(\$ 12,319,980)</u>	<u>(\$ 353,844)</u>	<u>\$ 130,616</u>	<u>\$ 145,899,338</u>	<u>\$ 32,690,303</u>	<u>\$ 178,589,641</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Equity attributable to owners of the parent											
	Retained earnings					Other equity interest					
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total	Non-controlling interest	Total equity
2020 US Dollars											
Balance at January 1, 2020	\$ 924,557	\$ 1,747,760	\$ 890,933	\$ 269,124	\$ 1,427,598	(\$ 189,891)	(\$ 86,645)	\$ 5,241	\$ 4,988,677	\$ 1,217,212	\$ 6,205,889
Profit for the year	-	-	-	-	907,109	-	-	-	907,109	67,596	974,705
Other comprehensive income (loss) for the year	-	-	-	-	(4,269)	(248,620)	11,613	(592)	(241,868)	(76,695)	(318,563)
Comprehensive income (loss) for the year	-	-	-	-	902,840	(248,620)	11,613	(592)	665,241	(9,099)	656,142
Distribution of 2019 earnings	6(19)										
Legal reserve	-	-	82,284	-	(82,284)	-	-	-	-	-	-
Special reserve	-	-	-	2,171	(2,171)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(462,279)	-	-	-	(462,279)	-	(462,279)
Changes in ownership interests in subsidiaries	-	6,972	-	-	-	-	-	-	6,972	-	6,972
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	(3,442)	-	-	(2,098)	-	-	-	(5,540)	(8,656)	(14,196)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(35,894)	(35,894)
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	(62,437)	-	62,437	-	-	-	-
Balance at December 31, 2020	\$ 924,557	\$ 1,751,290	\$ 973,217	\$ 271,295	\$ 1,719,169	(\$ 438,511)	(\$ 12,595)	\$ 4,649	\$ 5,193,071	\$ 1,163,563	\$ 6,356,634

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Consolidated profit before tax for the year		\$ 1,219,978	\$ 34,275,283	\$ 29,154,409	
Adjustments					
Income and expenses having no effect on cash flows					
Depreciation	6(9)(10)(26)	427,980	12,024,107	10,912,594	
Amortisation	6(12)(26)	136,894	3,846,049	3,072,851	
Expected credit impairment gain	12(2)	(5,128)	(144,067)	(56,068)	
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	(2,545)	(71,489)	(365,965)	
Interest expense	6(25)	13,377	375,837	731,745	
Interest income	6(22)	(19,368)	(544,147)	(886,537)	
Dividend income	6(23)	(6,769)	(190,171)	(282,302)	
(Reversal of) share-based payments	6(30)	(32)	(900)	(41,176)	
Share of loss (profit) of associates accounted for under the equity method	6(8)	2,121	59,596	(141,877)	
Loss on disposal of property, plant and equipment	6(24)	2,404	67,529	56,441	
Loss (gain) on disposal of investments	6(24)	3,405	95,654	(6,001,894)	
(Reversal of) impairment loss on non-financial assets	6(24)	28,536	801,712	(90,215)	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		(20,380)	(572,564)	283,898	
Contract assets		(46,283)	(1,300,311)	812,339	
Notes receivable		2,955	83,033	274,603	
Accounts receivable		(210,033)	(5,900,888)	8,306,424	
Accounts receivable - related parties		7,879	221,360	2,833,432	
Other receivables		(11,205)	(314,845)	(7,740)	
Inventories		(191,962)	(5,393,170)	5,641,877	
Prepayments		8,270	232,351	(321,976)	
Other current assets		3,619	101,682	(328)	
Other non-current assets		2,542	71,407	130,389	
Net changes in liabilities relating to operating activities					
Contract liabilities		58,862	1,653,725	708,890	
Notes payable		(673)	(18,899)	13,714	
Accounts payable		238,833	6,710,023	(6,723,132)	
Accounts payable - related parties		(91)	(2,556)	(2,381,143)	
Other payables		144,361	4,055,801	(127,974)	
Other current liabilities		1,097	30,801	(679,602)	
Other non-current liabilities		70	1,974	682,490	
Cash inflow generated from operations		1,788,714	50,253,917	45,590,519	
Interest received		19,125	537,327	942,187	
Dividends received		6,709	188,495	282,302	
Interest paid		(13,411)	(376,796)	(729,218)	
Income taxes paid		(133,579)	(3,752,891)	(4,175,022)	
Net cash flows from operating activities		1,667,558	46,850,052	41,910,768	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2020	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through other comprehensive income		\$ -	\$ -	(\$ 11,190)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	17,863	501,867	1,114,871
Proceeds from capital withdrawal liquidation of financial asset at fair value through profit or loss		158	4,444	-
Acquisition of investments accounted for under the equity method		-	-	(12,154)
Proceeds from disposal of investments accounted for under the equity method		258	7,240	-
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(31)	(38,730)	(1,088,115)	(24,018,015)
Acquisition of property, plant and equipment	6(9)	(634,933)	(17,838,456)	(16,866,186)
Proceeds from disposal of property, plant and equipment		7,029	197,480	472,561
Acquisition of intangible assets	6(12)	(24,373)	(684,761)	(666,967)
Increase in other financial assets		(19,118)	(537,131)	(51,359)
Decrease (increase) in other non-current assets		11,840	332,660	(489,479)
Net cash flows used in investing activities		(680,006)	(19,104,772)	(40,527,918)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
(Decrease) increase in short-term borrowings	6(33)	(198,412)	(5,574,400)	1,316,870
Proceeds from long-term debt	6(33)	2,389,898	67,144,183	2,407,888
Repayment of long-term debt	6(33)	(1,978,874)	(55,596,451)	-
Lease principal repayment		(18,404)	(517,080)	(586,249)
Cash dividends paid	6(19)	(462,279)	(12,987,717)	(12,987,717)
Cash dividends paid to minority share interests	6(20)	(31,868)	(895,326)	(2,320,171)
Acquisition of ownership interests in subsidiaries	6(32)	(14,196)	(398,839)	(4,276,338)
Net cash flows used in financing activities		(314,135)	(8,825,630)	(16,445,717)
Effects due to changes in exchange rate		(148,342)	(4,167,666)	(595,829)
Net increase (decrease) in cash and cash equivalents		525,075	14,751,984	(15,658,696)
Cash and cash equivalents at beginning of year		1,564,691	43,960,001	59,618,697
Cash and cash equivalents at end of year		<u>\$ 2,089,766</u>	<u>\$ 58,711,985</u>	<u>\$ 43,960,001</u>

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

Appendix 4

Audit Committee's Review Report

To : The 2021 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 2020 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 : February 24, 2021

Appendix 5**Delta Electronics, Inc.**

List of positions of the candidates for Directors in other companies

Name	Positions in Other Companies (Note)	
Yancey Hai	CTCI Corporation	Director
	USI CORPORATION	Independent Director
	Taiwan Semiconductor Manufacturing Co., Ltd.	Independent Director and Compensation Committee Member
Mark Ko	Delta Greentech (China) Co., Ltd.	Director
	Delta Electronics (Thailand) Public Company Limited	Director
Bruce CH Cheng	Finestar International Limited	Director
	Hua-Chih Investment Co., Ltd. (translation)	Chairman
Ping Cheng	Delta Greentech (China) Co., Ltd.	Chairman
	Delta Energy Technology (Shanghai) Co., Ltd.	Chairman
	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Executive Director
	Delta Electronics (Thailand) Public Company Limited	Director
Simon Chang	BETACERA INC.	Director
	Delta Greentech (China) Co., Ltd.	Vice-Chairman
	VIVOTEK INC.	Director
Victor Cheng	Lanner Electronics Inc.	Director
	Delta Networks (Xiamen) Ltd.	Vice-Chairman

Note : Excluding subsidiaries that are 100% owned by the Company.

Delta Electronics, Inc.

List of positions of the candidates for Independent Directors in other companies

Name	Positions in Other Companies (Note)	
Ji-Ren Lee	ACER Incorporated	Independent Director and Compensation Committee Member
	VIVOTEK INC.	Independent Director and Compensation Committee Member
	MediaTek Inc.	Compensation Committee Member
	Longchen Paper & Packaging Co., Ltd.	Director
	B Current Impact Investment Fund 3	Chairman
	Wesync Startup Service and Consulting Corporation Limited	Chairman
	AXR Entrepreneurship and Business Consulting Co., Ltd.	Chairman
	CommonWealth Education Media and Publishing Co., Ltd.	Director
	Social Enterprise Insights	Director
Shyue-Ching Lu	Sercomm Corp.	Director
	Radium Life Tech Co., Ltd.	Independent Director
	MiTAC Holdings Corporation	Independent Director
	CTCI Advanced Systems Inc.	Director
	XRSPACE CO., LTD.	Director
Rose Tsou	FNCapital Co., Ltd.	Chairman
	Verizon Media	Strategy Advisor
	HK Television Entertainment Company Limited	Director
	Sercomm Corp.	Independent Director and Compensation Committee Member

Delta Electronics, Inc.

List of positions of the candidates for Independent Directors in other companies

Name	Positions in Other Companies (Note)	
Jack J. T. Huang	Wpg Holdings Limited	Independent Director
	Systemex Corporation	Independent Director
	CTCI Corporation	Independent Director
	Yulon Motor Co., Ltd.	Director
	Taiwania Capital Buffalo Fund Co., Ltd.	Director
	Taiwania Capital Biotechnology Corporation	Director
	Taiwan Mobile Co., Ltd.	Advisor
	Yulon Group	Special Adviser Special Advisor to the CEO
	Catcher Technology Co., Ltd. Group	Special Advisor to the Chairman

Note : Excluding subsidiaries that are 100% owned by the Company.

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. (the "Company") Shareholders' Meeting Rules and Procedures (Translation)

Passed by general shareholders' meeting on March 19, 1988

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

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

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

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

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

Amendment passed by general shareholders' meeting on June 7, 2013

Amendment passed by general shareholders' meeting on June 10, 2020

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 (including independent 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 professional stock affairs agency appointed by the Company 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 (including independent directors), the amendment of this Company's Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of the release from non-competition restrictions on directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or spin-off of the Company, or the matters specified in Article 185, Paragraph 1 of the Company Law shall be listed among the reasons for the meeting and the essential contents shall be explained in the notice to convene a meeting of shareholders, and may not be proposed as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company , and such website shall be indicated in the said notice.

When a subject of election of directors (including independent directors) and the date on which the elected person assumed office be listed and described in the notice to convene a meeting of shareholder, the date on which the elected person assumed office cannot be changed either by the way of extemporary motions or by any other method in the said meeting after the election in the meeting of shareholders.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be

included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

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

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence when voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. 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. It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

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, a proxy may be designated in accordance with Article 208 of the Company Act.

In the event that a director presides at a shareholders' meeting on the chairman's behalf pursuant to the above paragraph, such 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 and the chairman of the board should chair the meeting in person and at least one member of each functional committee(s) attend the meeting on behalf of the committee(s) if that meeting has been convened by the Board of Directors. The attendance shall be recorded in the meeting minutes.

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 plus the number of shares whose voting rights are exercised by correspondence or electronically.

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. For each proposal (including extemporary motions and amendments to original proposals), it should be followed by a poll of the shareholders. 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 extemporary 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 extemporary 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 and the chairman should designate sufficient time for a vote.

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.

Shareholders attending the meeting may raise questions in the section of report items in the agenda only after the chairman or the designated personnel has completed the presentation. 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 three minutes.

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 three minutes, when shareholders raise questions in the section of proposal items and discussion items in the agenda and items proposed in the section of extemporary motions.

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 three minutes when shareholders raise enquiries and opinion expressions in the section of extemporary motions.

The chairman may stop the speech of any shareholder who violates the above provision or exceeds the scope of the agenda item or make the meeting out of order.

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 except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

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. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the Market Observation Post System.

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 (including independent 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 (including independent directors) and the number of votes casted must be announced at the meeting.

The ballots cast in the election in the foregoing paragraph shall be sealed with the signatures of the monitoring personnel and 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 the resolution and voting (including the statistical tallies of the numbers of votes). When there is a proposal of election of directors (including independent directors), the voting results to each candidate shall be disclosed. The minutes of shareholders' meeting shall be preserved for as long as the Company exists.

Article 16

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

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

Article 17

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

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

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

Article 18

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

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

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

Article 19

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

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

Section I - General Provisions

Article 1

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

Article 2

The Company is engaged in the following businesses:

1. C801010 Basic chemical industry business;
2. C801990 Other chemical material manufacturing business;
3. C802120 Industrial Catalyst Manufacturing;
4. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified;
5. CA04010 Metal Surface Treating;
6. CB01010 Machinery equipment manufacturing business;
7. CB01071 Frozen and Air-conditioning manufacturing business;
8. CB01990 Other machinery manufacturing business;
9. CC01010 Electronic power generating, Electric transmission and power distributing machinery manufacturing business;
10. CC01030 Electric appliance and audiovisual electric products manufacturing business;
11. CC01040 Lighting equipment manufacturing business;
12. CC01060 Wire communication equipment and apparatus manufacturing business;
13. CC01070 Wireless communication devices and equipment manufacturing business;
14. CC01080 Electronic parts and components manufacturing business;
15. CC01090 Batteries manufacturing business;
16. CC01101 Restrained telecommunication radio frequency equipment and materials manufacturing;
17. CC01110 Computers and its peripheral equipment manufacturing business;
18. CC01120 Data Storage Media Manufacturing and Duplicating;
19. CC01990 Other electrical and electronic machinery and materials manufacturing business;
20. CD01010 Ship and parts manufacturing business;
21. CD01020 Tramway Cars manufacturing business;
22. CD01030 Automobiles and auto-parts manufacturing business;
23. CD01040 Motorcycles and motorcycle parts manufacturing business;
24. CD01050 Bicycles and bicycle parts manufacturing business;

25. CD01060 Aircraft and parts manufacturing business;
26. CD01990 Other transportation equipment and parts manufacturing business;
27. CE01010 General equipment and instruments manufacturing business;
28. CE01021 measuring instruments manufacturing business;
29. CE01030 Photographic and Optical Equipment Manufacturing business;
30. CE01040 Clocks and Watches manufacturing business;
31. CE01990 Other photographic and optical equipment manufacturing business;
32. CF01011 Medical appliances and equipment business;
33. CQ01010 Die Manufacturing;
34. E599010 Pipe lines construction business;
35. E601010 Electric appliance installation business;
36. E601020 Electric appliance construction business;
37. E602011 Frozen and Air-conditioning Engineering;
38. E603010 Cables construction;
39. E603040 Fire fighting equipments installation business;
40. E603050 Automation control equipment manufacturing business;
41. E603090 Illumination equipments installation business;
42. E604010 Machinery installation business;
43. E605010 Computer equipment installation business;
44. E701010 Telecommunications Construction;
45. E701030 Restricted telecommunication radio frequency equipment and materials installation business;
46. EZ05010 Apparatus installation and construction business;
47. EZ14010 Sports Ground Equipments Construction;
48. F101130 Wholesale of vegetable and fruits;
49. F106030 Wholesale of Die;
50. F106040 Water containers wholesale business;
51. F108031 Drugs and medical goods wholesale business;
52. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;
53. F113010 Machinery wholesale business;
54. F113020 Electrical appliances wholesale business;
55. F113030 Wholesale of Precision Instruments;
56. F113050 Computer and office appliances and equipment wholesale business;
57. F113060 Wholesale of Metrological Instruments;
58. F113070 Telecommunication equipment wholesale business;
59. F113110 Wholesale of Batteries;
60. F118010 Computer software wholesale business;
61. F119010 Electronic components and materials wholesale business;
62. F199990 Other wholesale business;
63. F201010 Retail Sale of Agricultural Products;
64. F206030 Retail Sale of Die;
65. F208031 Medical equipment retail business;

66. F209060 Education, musical instruments and entertainment articles retail business;
67. F213010 Electrical appliances retail business;
68. F213030 Computer and office appliances and equipment retail business;
69. F213050 Retail Sale of Metrological Instruments;
70. F213060 Telecommunication equipment retail business;
71. F213110 Retail sale of batteries;
72. F217010 Retail sale of fire fighting equipments;
73. F218010 Computer software retail business;
74. F219010 Electronic components and materials retail business;
75. F399040 Non-store retail business;
76. F401010 International trade business;
77. F401021 Restricted telecommunication radio frequency equipment and materials import business;
78. F401181 Measuring instrument importing business;
79. F601010 Intellectual property business;
80. G801010 Warehousing and storage business;
81. I103060 Management consulting services business;
82. I199990 Other Consultancy
83. I301010 Software design and service business;
84. I301020 Data processing services business;
85. I301030 Digital information supply services business;
86. I401010 General advertising service business;
87. I501010 Product external appearance designing business;
88. I599990 Other design business;
89. IG02010 Research development service business;
90. IG03010 Energy technical services business;
91. IZ03010 Newspaper clipping business;
92. IZ04010 Translation business;
93. IZ10010 Typesetting business;
94. IZ13010 Network authentication service business;
95. IZ99990 Other industry and commerce services not elsewhere classified;
96. J303010 Magazines (journals) publishing business;
97. J304010 Books publishing business;
98. J305010 Audio publishing business;
99. J399010 Software publishing business;
100. J399990 Other publishing business;
101. J701070 Computer Recreational Activities;
102. JE01010 Rental and leasing business;
103. 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-night amendment was made on June 8, 2016.
The fifty amendment was made on June 11, 2018.

Appendix 9

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

No bonus share distribution is proposed at this annual general shareholders' meeting, and the Company is not required to disclose 2021 financial forecasts according to relevant laws and regulations. Hence, the Company is not required to disclose yearly forecast information.

Appendix 10

Shareholdings 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 shareholdings 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	807,630	0.03%
Director	Bruce CH Cheng	81,878,039	3.15%
Director	Ping Cheng	55,640,093	2.14%
Director	Simon Chang	903,811	0.03%
Director	Albert Chang	1,002,917	0.04%
Director	Victor Cheng	50,344,764	1.94%
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		191,561,321	7.37%

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 shareholdings of supervisors shall not apply.

Appendix 11

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 2021 Annual General Shareholders' Meeting is from March 26, 2021 to April 6, 2021.
2. Other than the nomination at candidates for the Company's 19th 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.