Ticker Number: 2308

Delta Electronics, Inc.

2019 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 10, 2019 at 10:00 a.m.

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

Handbook for the 2019 Annual General Shareholders' Meeting of Delta Electronics, Inc.

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Note: The Company's 2018 Parent Company Only Financial Statements, 2018 Consolidated Financial Statements and 2019 Annual General Shareholders' Meeting Handbook are available on the "Market Observation Post System" website; please visit http:// mops.twse.com.tw/ for details.

I. MEETING PROCEDURES

Procedures of Delta Electronics, Inc. 2019 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
9. Discussion items

   Voting and Resolution for each of Proposal and Discussion Items
10. Extemporary motions
11. Meeting adjourn

II. MEETING AGENDA

1. Report Items

(1) 2018 Operation Results
See Appendix 1: Business Report

(2) 2018 Financial Results
a) PricewaterhouseCoopers CPA Audit Report (Parent Company Only Financial Statements)
See Appendix 2: PricewaterhouseCoopers CPA Audit Report
b) Parent Company Only Balance Sheet as of December 31, 2018
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See Appendix 3: Consolidated Statement of Changes in Equity
j) Consolidated Cash Flow Statement (January 1, 2018 ~ December 31, 2018)
See Appendix 3: Consolidated Cash Flow Statement

(3) Audit Committee's Review Opinions on 2018 annual final accounting books and statements

See Appendix 4: Audit Committee's Review Opinions on 2018 annual final accounting books and statements

(4) Report on communication between Audit Committee and Chief Internal Auditors

The Independent Directors review the results of internal audit department on a monthly basis, and the chief internal auditor reports to the Independent Directors on major findings from time to time. Besides, Independent Directors and Directors hold discussions with the chief internal auditor about recent findings in meetings of Audit Committee and meetings of Board of Directors on a quarterly basis. Records of the discussions are kept, and the discussions are followed up and improvements implemented which lead to efficient communications between two parties.

(5) Report on 2018 Employees' and Directors' Compensation

The Company's annual profit in 2018 is NT$20,129,324,464, of which 8.6% is allocated as the employees' compensation in cash totaling NT$1,728,343,835 and 0.15% is allocated as the directors' compensation totaling NT$29,400,000.

(6) Report on Short-form Merger between Delta Electronics, Inc. and Delta Green Life Co., Ltd.

In order to streamline Delta group and protect customers' rights, the Company will merge with its 100% owned subsidiary Delta Green Life Co., Ltd. upon the resolution passed by both Boards of Directors held on April 30, 2018. The effective date of the merger is purposed to be on August 1, 2018. Upon the merger, the Company is the surviving company, while Delta Green Life Co., Ltd. is the dissolved company. The short-form merger has been approved by the Department of Commerce, Ministry of Economic Affairs.

(7) Report on Short-form Merger between Delta Electronics, Inc. and Delta Networks, Inc. (Taiwan).

In order to improve Delta group's management efficiency and resource integration, the Company will merge with its 99.98% owned subsidiary Delta Networks, Inc. (Taiwan) upon the resolution passed by both Boards of Directors held on July 31, 2018. Upon the merger, the Company is the surviving company, while Delta Networks, Inc. (Taiwan) is the dissolved company. Due to actual process of this project, the chairmen of both companies issued declaration letters to change the effective date of the merger to April 1, 2019. The short-form merger has been approved by the Department of Commerce, Ministry of Economic Affairs.

2. Proposal Items

(1) Adoption of the 2018 Annual Final Accounting Books and Statements (Proposed by the Board of Directors)

Explanation: a) This Company's 2018 Annual Final Accounting Books and Statements, including the Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements (please refer to Appendix 1~3), have been reviewed by the Company's Audit Committee. The Company's Audit Committee has found no discrepancies after a thorough review and has made a written review report.

b) It is proposed by the Board of Directors to submit the 2018 Annual Final Accounting Books and Statements to the shareholders' meeting for adoption.

(2) Adoption of the 2018 Earnings Distribution (Proposed by the Board of Directors)

Explanation: a) The 2018 Earnings Distribution Table is compiled as follows in accordance with Company Act and the Company's Articles of Incorporation and has been approved by the Audit Committee and the Board of Directors on March 11, 2019.

b) The Board of Director proposed to set aside NT$12,987,716,645 for cash dividends. Subject to the approval of Annual General Shareholders' Meeting, the Board of Directors would be authorized to set a record date on which the proposed cash dividend would be distributed according to the shareholding ratio of shareholders appeared in the register of shareholders on the designated record date of distribution. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of approximately NT$ 5,000 per thousand shares will be distributed. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and exercise of employee stock options), it is proposed that the Board of Directors be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

c) It is proposed by the Board of Directors to submit the 2018 Earnings Distribution to the shareholders' meeting for adoption.

Delta Electronics, Inc.

2018 Earnings Distribution Table

Unit: NT$

Item	Description	Amount
Net profit after tax for the year 2018		18,193,092,998
Subtract: Setting aside 10% legal reserve		1,819,309,300
Setting aside special reserves		472,888,902
Earnings available for distribution by the end of 2018		15,900,894,796
Add: Retained earnings in the beginning of 2018		13,936,059,479
Adjustment amount on initial application of IFRS 9		1,118,916,346
Subtract: Actuarial losses on defined benefit plan		15,945,956
Loss on disposal of financial assets at fair value through other comprehensive income		9,336,310
Difference between consideration and carrying amount in non-controlling interest transactions		62,682,222
Earnings available for distribution by the end of the fiscal year (Note 1)		30,867,906,133
Distribution Items:		
Shareholders' dividends - Cash	NT$5.0 per share	12,987,716,645
Undistributed earnings by the end of 2018		17,880,189,488

(Note 1) The principle of 2018 earnings distribution: Earnings available for distribution by the end of the fiscal year shall be distributed first.

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

3. Discussion Items

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

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

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

Article	Article after revision	Article before revision	Explanation
Article 2	The Operating Procedures of Acquisition or Disposal of Assets of the Company shall be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors and be further submitted to the shareholders' meeting for approval. The same procedure shall apply to any amendment to the Operating Procedures. If the Operating Procedures have not been approved by one-half or more of all Audit Committee members, the Operating Procedures may be undertaken upon the consent of two-	The Operating Procedures of Acquisition or Disposal of Assets of the Company shall be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors and be further submitted to the shareholders' meeting for approval. The same procedure shall apply to any amendment to the Operating Procedures. If the Operating Procedures have not been approved by one-half or more of all Audit Committee members, the Operating Procedures may be undertaken upon the consent of two-	Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and Exchange Act as the Company has established audit committee.

	thirds or more of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. "All Audit Committee members" and "all directors" in the preceding paragraph referred to in these Operating Procedures shall mean the actual number of persons currently holding those positions.	thirds or more of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors. "All Audit Committee members" and "all directors" in the preceding paragraph referred to in these Operating Procedures shall mean the actual number of persons currently holding those positions. When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.	
Article 3	Definition of Terms: 1. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include	Definition of Terms: 1. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts comprising combinations of the foregoing products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.	1. Certain languages in subparagraph 1 are revised as appropriate in order to apply to IFRS 9, “financial instruments.” 2. Certain languages are revised as appropriate in order to comply with revised

	insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 2. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with Article 156-3 of the Company Law. 3. Related party and subsidiaries: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or equipment. 5. Date of occurrence: refers to the date of contract signing, date of payment, date of completion of	2. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with paragraph 8, Article 156 of the Company Law. 3. Related party and subsidiaries: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or equipment. 5. Date of occurrence: refers to the date of contract signing, date of payment, date of completion of trading, date of transfer registration, date of board of directors resolution, or other date confirming the counterpart and amount of the	"Company Act."

	trading, date of transfer registration, date of board of directors resolution, or other date confirming the counterpart and amount of the transaction, whichever date is earlier. However, in the case of investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China. 7. As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition of disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded. 8. As used in the Operating Procedures, "latest financial statement" refers to the financial statement published and audited or reviewed by the Company's auditing CPA in accordance with applicable laws prior to the acquisition or	transaction, whichever date is earlier. However, in the case of investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China. 7. As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition of disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded. 8. As used in the Operating Procedures, "latest financial statement" refers to the financial statement published and audited or reviewed by the Company's auditing CPA in accordance with applicable laws prior to the acquisition or disposal of assets. 9. As used in the Operating Procedures, "10% of the Company's total assets" is calculated based on	

	disposal of assets. 9. As used in the Operating Procedures, "10% of the Company's total assets" is calculated based on the total assets as stated in the most recent stand-alone or individual financial statement prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	the total assets as stated in the most recent stand-alone or individual financial statement prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	
Article 4	Scope of assets applicable to the Operating Porcedures: 1. Securities: including long- term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, deposit receipts, call (put) warrants, beneficiary certificates and asset-backed securities. 2. Real estate (including land, buildings and construction, investment real estate) and equipment. 3. Membership certificates. 4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc. 5. Right-of-use assets. 6. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed through mergers or consolidations, splits,	Scope of assets applicable to the Operating Porcedures: 1. Securities: including long- term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, deposit receipts, call (put) warrants, beneficiary certificates and asset-backed securities. 2. Real estate (including land, buildings and construction, investment real estate and rights to use land) and equipment. 3. Membership certificates. 4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc. 5. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed through mergers or consolidations, splits,	1. Subparagraph 5 is added in order to comply with IFRS 16, “leases”. 2. Move the original subparagraph 5~8 to subparagraph 6~9.

	acquisitions, or assignment of shares in accordance with applicable laws. 9. Other important assets.	acquisitions, or assignment of shares in accordance with applicable laws. 8. Other important assets.	
Article 5	The total value of real property, its right-of-use assets or securities acquired by the Company and its subsidiaries ("Subsidiaries") for non-operating use and limit on acquisition of each specific security are as follows: 1. The total value of real property or its right-of-use assets acquired by the Company for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement. The total value of real property or its right-of-use assets acquired by a Subsidiary for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement. 2. The total value of securities acquired by the Company may not exceed 100% of the Company's net worth as stated in its latest financial statement. The total value of securities acquired by a Subsidiary may not exceed 60% of the Company's net worth as stated in its latest financial statement. 3. The specific security acquired by the Company may not exceed 50% of the Company's net worth as stated in its latest financial statement. The specific security acquired by a Subsidiary may not exceed 30% of the Company's net worth as stated in	The total value of real property or securities purchased by the Company and its subsidiaries ("Subsidiaries") for non-operating use and limit on investment in each specific security are as follows: 1. The total value of real property purchased by the Company for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement. The total value of real property purchased by a Subsidiary for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement. 2. The total value of securities invested by the Company may not exceed 100% of the Company's net worth as stated in its latest financial statement. The total value of securities invested by a Subsidiary may not exceed 60% of the Company's net worth as stated in its latest financial statement. 3. The investment in a specific security by the Company may not exceed 50% of the Company's net worth as stated in its latest financial statement. The investment in a specific security by a Subsidiary may not exceed 30% of the Company's net worth as stated in its financial statement.	Amendments are made in order to be consistent with the Article 4 and the Article 7 of the Operating Procedures.

	its financial statement.		
Article 6	When assets are acquired or disposed in accordance with the Operating Procedures, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the authorized person according to the authorized limit table approved by the Board of Directors. If the amount of the assets to be acquired or disposed exceeds the amount as set forth in the authorized limit table, the transaction may be implemented only after approved by the Board of Directors. The execution departments referred to in the foregoing paragraph are as follows: 1. For securities: the Investment Department and the Finance Department. 2. For real property and equipment: the Department which uses such assets and the Finance Department. 3. For membership certificate: the Finance Department. 4. For intangible assets: each business unit, Legal and Intellectual Property Department or other competent department concerned. 5. <u>For right-of-use assets: the Department which uses such assets and the Finance Department.</u>	When assets are acquired or disposed in accordance with the Operating Procedures, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the authorized person according to the authorized limit table approved by the Board of Directors. If the amount of the assets to be acquired or disposed exceeds the amount as set forth in the authorized limit table, the transaction may be implemented only after approved by the Board of Directors. The execution departments referred to in the foregoing paragraph are as follows: 1. For<u> long-term and short-term</u> securities: the Investment Department and the Finance Department. 2. For real property and equipment: the Department which uses such assets and the Finance Department. 3. For membership certificate: the Finance Department. 4. For intangible assets: each business unit, Legal and Intellectual Property Department or other competent department concerned. <u>5</u>. For claims against financial institutions: the Finance Department.	Amendments are made in order to be consistent with the Article 4 of the Operating Procedures.

	6. For claims against financial institutions: the Finance Department. 7. For derivatives: the Finance Department. 8. For assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: the Investment Department. 9. For other important assets: the Department which uses such assets.	6. For derivatives: the Finance Department. 7. For assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: the Investment Department. 8. For other important assets: the Department which uses such assets.	
Article 7	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" or the Operating Procedures shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not	When the Company should appoint a professional appraiser, accountant, lawyer, or underwriter to assist in appraisal work and obtain an expert opinion in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority, the professional appraiser and its appraisal personnel, the accountant, lawyer, or underwriter so appointed shall not be a related party to the parties in the proposed transaction.	Amendments are made to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

	apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.		
Article 9	If any acquisition or disposal of assets should be approved by the Audit Committee, the Board of Directors, or the shareholders' meeting in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority, the Operating Procedures or other applicable laws, paragraph 1 of Article 6 of the Operating Procedures shall not apply to such acquisition or disposal of assets. In this case, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance, and then approved by one-half or more of all Audit Committee members and submit it for approval by the Board of Directors, or approval by	If any acquisition or disposal of assets should be approved by the Audit Committee, the Board of Directors, or the shareholders' meeting in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority or other applicable laws, paragraph 1 of Article 6 of the Operating Procedures shall not apply to such acquisition or disposal of assets. In this case, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance, and then approved by one-half or more of all Audit Committee members and submit it for approval by the Board of Directors, or approval by the	Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and Exchange Act as the Company has established audit committee.

	the shareholders' meeting. If approval of more than half of all audit committee members is not obtained regarding the acquisition or disposal of assets as set forth in the preceding paragraph, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors.	shareholders' meeting. When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.	
Article 10-1	Where the transaction amount of a proposed acquisition or disposal in a specific security by a Subsidiary exceeds NT$1 billion, the proposed acquisition or disposal shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.	Where the total amount invested by a Subsidiary in securities after making a proposed investment will exceed 30% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance. Where the transaction amount of a proposed investment in a specific security by a Subsidiary exceeds 10% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.	Certain languages are revised per the group's needs.
Article 11	The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property, equipment or its right-of-use assets: When acquiring or disposing real property, equipment or its right-of-use assets, if the transaction amount	The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property or equipment: When acquiring or disposing real property or equipment, if the transaction amount reaches 20% of the	1. Amendments are made to comply with "Regulations Governing the Acquisition and Disposal

	reaches 20% of the Company's paid-in capital or NT$300 million or more, except for transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use<u> or its right-of-use assets</u>, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances a limited price, specific price or specified price should be used as reference price in determining the transaction price, such transaction shall be submitted for approval by the Board of Directors in advance, and the same procedures shall <u>also be followed whenever there is any subsequent change</u> to the terms and conditions of the transaction. 2. If the transaction amount is NT$1 billion or more, the Company shall obtain appraisal reports from at least two professional appraisers. 3. If the professional appraiser's appraisal results revealed any of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the	Company's paid-in capital or NT$300 million or more, except for transacting with a government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances a limited price, specific price or specified price should be used as reference price in determining the transaction price, such transaction shall be submitted for approval by the Board of Directors in advance, and the same procedures shall <u>apply for any future changes</u> to the terms and conditions of <u>such</u> transaction. 2. If the transaction amount is NT$1 billion or more, the Company shall obtain appraisal reports from at least two professional appraisers. 3. If the professional appraiser's appraisal results revealed any of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, the Company shall appoint an accountant to	of Assets by Public Companies." 2. Certain languages in paragraph 1 are revised as appropriate in order to apply to IFRS 16, "leases." 3. Certain languages in subparagraph 1 of paragraph 1 are amended for compliance.

	transaction amount, the Company shall appoint an accountant to conduct the appraisal in accordance with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF and render a specific opinion regarding the cause of the differences and the reasonableness of the transaction price: (1)Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount. (2)Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. 4. The period from the date of the appraisal report issued by a professional appraiser to the execution date of the relevant sale and purchase agreement should be no more than three months. However, where the publicly announced current land value for the same period is used and not more than six months have elapsed from the original appraisal report, an opinion may still be issued by the same professional appraiser. 5. Items which should be included in an appraisal report are: : (1)Items required in accordance with Regulations on Real Estate	conduct the appraisal in accordance with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF and render a specific opinion regarding the cause of the differences and the reasonableness of the transaction price: (1)Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount. (2)Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. 4. The period from the date of the appraisal report issued by a professional appraiser to the execution date of the relevant sale and purchase agreement should be no more than three months. However, where the publicly announced current land value for the same period is used and not more than six months have elapsed from the original appraisal report, an opinion may still be issued by the same professional appraiser. 5. Items which should be included in an appraisal report are: (1)Items required in accordance with Regulations on Real Estate Appraisal. (2)Matters regarding the professional	

	Appraisal. (2)Matters regarding the professional appraiser and its appraisal personnel: a. The professional appraiser's name, amount of paid-in capital, organizational structure, and personnel composition. b. The names, ages, academic records and curriculum vitae (with relevant evidences), number of years performing appraisal work and employment period, and number of appraisals conducted of the appraisal personnel. c. Relationship between professional appraiser, appraisal personnel, and the client. d. Declaration of no false statement or omission being contained in the appraisal report. e. Date of appraisal report. (3) Basic information of the subject property, which shall at least include the name and nature, location, and area of the subject property. (4) Examples of transactions involving other properties that are located within the area as the subject property. (5) When the appraisal type is for a specific price or specified price,	appraiser and its appraisal personnel: a. The professional appraiser's name, amount of paid-in capital, organizational structure, and personnel composition. b. The names, ages, academic records and curriculum vitae (with relevant evidences), number of years performing appraisal work and employment period, and number of appraisals conducted of the appraisal personnel. c. Relationship between professional appraiser, appraisal personnel, and the client. d. Declaration of no false statement or omission being contained in the appraisal report. e. Date of appraisal report. (3) Basic information of the subject property, which shall at least include the name and nature, location, and area of the subject property. (4) Examples of transactions involving other properties that are located within the area as the subject property. (5) When the appraisal type is for a specific price or specified price, the conditions of the specific or specified price and whether said	

	the conditions of the specific or specified price and whether said conditions are met under current circumstances, the reason for the difference between the normal prices and such specific or specified price and the reasonableness of such difference, and whether the specific price or specified price is qualified to be used as reference for the transaction price. (6) In terms of a joint development contract, the reasonable allocation percentage between the parties should be provided. (7) An estimate of land value incremental tax. (8) In case that appraised value of the subject property at the same appraisal date among appraisers differs and the difference is twenty percent or more, whether measures provided in Article 41 of the Real Estate Appraiser Act has been taken. (9) Attachments to the appraisal report shall include the appraisal details of the subject property, ownership registration information, photocopy of cadastral map, urban planning sketch, location map of the subject property, certificate of land use zoning, and photographs showing current condition of the	conditions are met under current circumstances, the reason for the difference between the normal prices and such specific or specified price and the reasonableness of such difference, and whether the specific price or specified price is qualified to be used as reference for the transaction price. (6) In terms of a joint development contract, the reasonable allocation percentage between the parties should be provided. (7) An estimate of land value incremental tax. (8) In case that appraised value of the subject property at the same appraisal date among appraisers differs and the difference is twenty percent or more, whether measures provided in Article 41 of the Real Estate Appraiser Act has been taken. (9) Attachments to the appraisal report shall include the appraisal details of the subject property, ownership registration information, photocopy of cadastral map, urban planning sketch, location map of the subject property, certificate of land use zoning, and photographs showing current condition of the subject property.	

	subject property.		
Article 11-1	Where the transaction amount of a proposed acquisition or disposal by a Subsidiary in a specific real property or its right-of-use assets for non-operating use exceeds NT$300 million, the proposed acquisition or disposal shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.	Where the total amount invested by a Subsidiary in real property for non-operating use after making a proposed investment will exceed 10% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance. Where the transaction amount of a proposed investment by a Subsidiary in a specific real property for non-operating use exceeds 1% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.	Certain languages are revised per the group's needs.
Article 12	Procedures governing transactions with a related party are as follows: 1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also	Procedures governing transactions with a related party are as follows: 1.When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also	1. Amendments are made to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." 2. Adoption of right-of-use assets in order to comply with IFRS 16,

	obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10,Article 11 and Article 13. The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties. 2. Appraisal and operating procedures: Where the Company acquires or disposes of real property <u>or its right-of-use assets</u> from or to a related party, or acquires or disposes of assets other than real property <u>or its right-of-use assets</u> from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million, except for trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may proceed to enter into	obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10,Article 11 and Article 13. The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties. 2. Appraisal and operating procedures: Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may proceed to enter into a transaction contract and make only after submitting the following information	"leases." 3. Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and Exchange Act because the Company with an established audit committee.

	a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis: (1)The purpose, necessity and estimated benefits of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3)With respect to the acquisition of real property or its right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) to (4) and (6) of subparagraph 3 of this Article 12. (4)The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. (5)Monthly cashflow forecasts for the year beginning from the	to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis: (1)The purpose, necessity and estimated benefits of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3)With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12. (4)The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. (5)Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of	

	anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds. (6)An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article. (7)Restrictive covenants and other important terms in connection with the transaction. The aforementioned calculation of the transaction amount shall be made in accordance with subparagraph 7 of paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the audit committee and the Board of Directors in accordance with the Operating Procedures need not be counted toward the said transaction amount and shall be subject to mutatis mutandis application of Article 2, paragraphs 2 and 3. 3.Assessment of reasonableness of transaction cost: (1)The Company shall use the following methods to assess the reasonableness of the transaction cost when acquiring real property	funds. (6)An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article. (7)Restrictive covenants and other important terms in connection with the transaction. The aforementioned calculation of the transaction amount shall be made in accordance with subparagraph 5 of paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount. With respect to the acquisition or disposal of equipment for business use between the Company and its subsidiaries, the Board of Directors hereby authorizes the Chairman to decide such matters when the transaction is within NT$300 million and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification. When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall	

	<u>or its right-of-use assets</u> from a related party: a. Based upon the related party's transaction price plus necessary interest on funding and the costs payable by the buyer in accordance with applicable law. "Necessary interest on funding" refers to and is calculated by use of the weighted average interest rate on funds borrowed by the Company in the year when the Company plans to purchase the property as the basis. However, such necessary interest on funding may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. b. Based upon the total appraisal value from a financial institution if the related party has previously taken a mortgage on the property as security for a loan; provided that the actual cumulative amount lent by the financial institution shall be 70% or more of the financial institution's appraisal value for the property and the loan shall have been disbursed and outstanding for one year or more. However, this method shall not apply if the financial	<u>take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</u> 3.Assessment of reasonableness of transaction cost: (1)The Company shall use the following methods to assess the reasonableness of the transaction cost when acquiring real property from a related party: a. Based upon the related party's transaction price plus necessary interest on funding and the costs payable by the buyer in accordance with applicable law. "Necessary interest on funding" refers to and is calculated by use of the weighted average interest rate on funds borrowed by the Company in the year when the Company plans to purchase the property as the basis. However, such necessary interest on funding may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. b. Based upon the total appraisal value from a financial institution if the related party has	

	institution is a related party of one of the transaction counterparties. (2)Where the land and the building situated thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the methods set forth in the preceding paragraph. (3)When the Company acquires real property or its right-of-use assets from a related party, it shall appraise the cost of the real property or its right-of-use assets in accordance with the provisions of items (1) and (2) of this subparagraph, and shall also engage an accountant to review the appraisal result and issue a specific opinion regarding appraisal result. (4)Where the Company acquires real property or its right-of-use assets from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2) of this subparagraph are both lower than the transaction price, the transaction shall be handled in accordance with the provisions of item (5) and (7) of this	previously taken a mortgage on the property as security for a loan; provided that the actual cumulative amount lent by the financial institution shall be 70% or more of the financial institution's appraisal value for the property and the loan shall have been disbursed and outstanding for one year or more. However, this method shall not apply if the financial institution is a related party of one of the transaction counterparties. (2)Where the land and the building situated thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the methods set forth in the preceding paragraph. (3)When the Company acquires real property from a related party, it shall appraise the cost of the real property in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12, and shall also engage an accountant to review the appraisal result and issue a specific opinion regarding appraisal result. (4)Where the Company acquires real	

	subparagraph. However, if any of the following circumstances occur and where any objective evidence has been provided and specific opinions on reasonableness of the transaction price have been obtained from a professional appraiser and an accountant have been obtained, the preceding paragraph shall not apply: a. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: i. The undeveloped land is appraised in accordance with the foregoing methods as set forth in the provisions of item (1) to (3) and (6) of this subparagraph, and the building is appraised according to the related party's construction cost plus reasonable construction profit, and the total appraised value of the land and the building is in excess of the actual transaction price. "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent	property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the transaction shall be handled in accordance with the provisions of item (5), subparagraph 3 of this Article 12. However, if any of the following circumstances occur and where any objective evidence has been provided and specific opinions on reasonableness of the transaction price have been obtained from a professional appraiser and an accountant have been obtained, the preceding paragraph shall not apply: a. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: i. The undeveloped land is appraised in accordance with the foregoing methods, and the building is appraised according to the related party's construction cost plus reasonable construction profit, and the total appraised value of the land and the building is in excess of the actual	

	three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. ii. Concluded transactions <u>or leasing</u> by unrelated parties within the preceding year involving other floors of the same target property or properties located in the neighboring area, of which the property size and transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor or area prices in accordance with standard real property market practices<u> or standard real property leasing market practices</u>. b. Where the Company provides evidences that the terms of the proposed acquisition of real property <u>or obtaining real property right-of-use assets through leasing </u>with the related party are similar to the terms of transactions concluded for the acquisition of property located in neighboring area of a similar size by unrelated parties within the preceding year. Concluded	transaction price. "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. ii. Concluded transactions by unrelated parties within the preceding year involving other floors of the same target property or properties located in the neighboring area, of which the property size and transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor or area prices in accordance with standard real property market practices. <u>iii. Concluded leasing transactions by unrelated parties within the preceding year for other floors of the same target property, of which the transaction terms are similar to the proposed transaction after taking into consideration of reasonable</u>	

	transactions for the acquisition of property located in neighboring area in the preceding paragraph in principle refers to property located at the same or an adjacent block of the target property and within a distance of no more than 500 meters or the publicly announced current value of the property is close to that of the target property; transaction of similar size refers to transactions concluded by unrelated parties with a land area of no less than 50% of the target property; within one year refers to one year preceding the date of occurrence of the proposed acquisition of the target property <u>or its right-of-use assets</u>. (5)When the Company acquires real property <u>or its right-of-use assets</u> from a related party and the results of appraisal performed in accordance with the provisions of items (1) <u>to (4) and (6) of this</u> subparagraph are both lower than the transaction price, the Company shall comply with the following provisions. In addition, if the Company have allocated a special reserve in accordance with the following provisions, the	<u>price differences in floor according to standard real property leasing market practices.</u> b. Where the Company provides evidences that the terms of the proposed acquisition of real property with the related party are similar to the terms of transactions concluded for the acquisition of property located in neighboring area of a similar size by unrelated parties within the preceding year. Concluded transactions for the acquisition of property located in neighboring area in the preceding paragraph in principle refers to property located at the same or an adjacent block of the target property and within a distance of no more than 500 meters or the publicly announced current value of the property is close to that of the target property; transaction of similar size refers to transactions concluded by unrelated parties with a land area of no less than 50% of the target property; within one year refers to one year preceding the date of occurrence of the proposed acquisition of the target property.	

	Company may not utilize such special reserve until it has recognized loss due to price decline<u> in market value of the assets it purchased or leased at a premium, </u>or such property has been disposed of, or adequate compensation has been made, <u>or the leasing contract has been terminated</u>, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from the Competent Authority shall have been obtained. a.The Company shall allocate the difference between the real property <u>or its right-of-use assets</u> transaction price and the estimate cost as a special reserve in accordance with paragraph 1, Article 41 of the Securities and Exchange Act, and shall not be distribute this reserve or use it for capitalization and issuance of new shares. If an investor that has investment in the Company by using the equity method is a public company, it shall also allocate special reserve in an amount in proportion to its shareholding in the Company	(5)When the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) <u>and (2), subparagraph 3 of this Article 12 </u>are both lower than the transaction price, the Company shall comply with the following provisions. In addition, if the Company <u>and any public company that invests in the Company using the equity method</u> have allocated a special reserve in accordance with the following provisions, the Company <u>and the public company</u> may not utilize such special reserve until it has recognized loss due to price decline <u>for such real property,</u> or such property has been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from the Competent Authority shall have been obtained. a. The Company shall allocate the difference between the real property transaction price and the estimate cost as a special reserve in accordance with paragraph 1, Article 41 of the	

	according to paragraph 1, Article 41 of the Securities and Exchange Act. b. The independent directors in Audit Committee of the Company shall comply with Article 218 of the Company Law. c. The Company shall report matters handled under the foregoing items (1) and (2) to the shareholders' meeting and shall disclose the details of the transaction in its annual report and prospectus. (6)When the Company acquires real property or its right-of-use assets from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraph 2 of this paragraph, and items (1) to (3) of this subparagraph regarding the assessment of the reasonableness of transaction cost are not applicable: a. The related party acquired the real property or its right-of-use assets through inheritance or as a gift. b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property or its	Securities and Exchange Act, and shall not be distribute this reserve or use it for capitalization and issuance of new shares. If an investor that has investment in the Company by using the equity method is a public company, it shall also allocate special reserve in an amount in proportion to its shareholding in the Company according to paragraph 1, Article 41 of the Securities and Exchange Act. b. The Audit Committee of the Company shall comply with Article 218 of the Company Law. c. The Company shall report matters handled under the foregoing items (1) and (2) to the shareholders' meeting and shall disclose the details of the transaction in its annual report and prospectus. (6)When the Company acquires real property from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraphs 1 and 2 of this Article 12, and items (1), (2), and (3), subparagraph 3 of this Article 12 regarding the assessment of the reasonableness	

	right-of-use assets to the execution date of the proposed transaction. c.The real property is to be acquired through signing of a joint development contract with the related party or through engaging the related party to build real property, either on the Company's own land or on a leased land. d. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital. (7)When the Company acquires real property or its right-of-use assets from a related party and there is other evidence indicating that such acquisition does not conform to conventional business practice, the Company shall act in accordance with item (5) of this subparagraph.	of transaction cost are not applicable: a.The related party acquired the real property through inheritance or as a gift. b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the execution date of the proposed transaction. c.The real property is to be acquired through signing of a joint development contract with the related party or through engaging the related party to build real property, either on the Company's own land or on a leased land. (7)When the Company acquires real property from a related party and there is other evidence indicating that such acquisition does not conform to conventional business practice, the Company shall act in accordance with item (5), subparagraph 3 of this Article 12.	
Article 13	The Company shall comply with the following guidelines with regard to the acquisition or disposal of intangible assets or its right-of-use assets or membership certificates: When the Company acquires or disposes of intangible assets or its	The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction	The reason of amendment is the same as the reason set forth in the first explanation of Article 11.

	right-of-use assets or membership certificates and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except for transacting with a domestic government agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.	amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except for transacting with a government agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.	
Article 13-1	The calculation of the transaction amount referred to in Articles 10, 10-1, 11, 11-1 and 13 shall be made in accordance with subparagraph 7 of paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant's opinion is obtained in accordance with these Operating Procedures need not be counted toward the transaction amount.	The calculation of the transaction amount referred to in Articles 10, 10-1, 11, 11-1 and 13 shall be made in accordance with subparagraph 5 of paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant's opinion is obtained in accordance with these Operating Procedures need not be counted toward the transaction amount.	Adjustment of the referring subparagraph item.
Article 15	Procedures governing derivatives trading activities are as follows: 1.Trading principles and strategies: (1)Types of trades: The scope of the Company's derivatives trading shall be limited to forward foreign exchange,	Procedures governing derivatives trading activities are as follows: 1.Trading principles and strategies: (1)Types of trades: The scope of the Company's derivatives trading shall be limited to forward foreign exchange,	Certain languages are amended for compliance.

	options, interest rate or exchange rate swaps, outright bond purchase and sale, and repurchase transactions. Prior approval of the Board of Directors is required for trading of other types of products. (2)Operating and hedging strategies: The Company shall engage in derivatives trading for the purpose of mitigating risks. When selecting derivatives products, the Company shall choose from the products with a view to mitigate the risks arising from the Company's business operating. In addition, to avoid creating credit risk, the Company shall choose derivatives trading counterparties from the Company's correspondent banks to the extent possible. (3)Delegation of powers and duties: a. Funds management: Funds management is the pivot of the foreign exchange management system; it is necessary to acquire foreign exchange mark information, assess trends and risks, have knowledge of financial products, be familiar with relevant laws and regulations and have relevant skills in order to provide the management, sales, purchasing, accounting, and funds management departments	options, interest rate or exchange rate swaps, outright bond purchase and sale, and repurchase transactions. Prior approval of the Board of Directors is required for trading of other types of products. (2)Operating and hedging strategies: The Company shall engage in derivatives trading for the purpose of mitigating risks. When selecting derivatives products, the Company shall choose from the products with a view to mitigate the risks arising from the Company's business operating. In addition, to avoid creating credit risk, the Company shall choose derivatives trading counterparties from the Company's correspondent banks to the extent possible. (3)Delegation of powers and duties: a. Funds management: Funds management is the pivot of the foreign exchange management system; it is necessary to acquire foreign exchange mark information, assess trends and risks, have knowledge of financial products, be familiar with relevant laws and regulations and have relevant skills in order to provide the management, sales, purchasing, accounting, and	

	with sufficient and up-to-date information. b. Accounting Department: Accounting Department is responsible for the control of the Company's overall foreign exchange position and shall accurately calculate realized and future positions for the Company to set account exchange rates and lock in profit and cost, which may avert the performance of the Company's core business from being influenced by exchange rate fluctuations. Accounting Department needs to rely on the information provided by purchasing and sales departments for the prediction and creation of positions, and a high level of accuracy of such information is essential to the holding of positions. (4)Trading limits: a. Hedging trade limit: The Company shall use the monthly trading-type foreign exchange hedge net position as the hedging limit. Any excess of such limit shall be approved by the Board of Directors in advance. b. Special purpose trade limit: Special purpose trading limit	funds management departments with sufficient and up-to-date information. b. Accounting Department: Accounting Department is responsible for the control of the Company's overall foreign exchange position and shall accurately calculate realized and future positions for the Company to set account exchange rates and lock in profit and cost, which may avert the performance of the Company's core business from being influenced by exchange rate fluctuations. Accounting Department needs to rely on the information provided by purchasing and sales departments for the prediction and creation of positions, and a high level of accuracy of such information is essential to the holding of positions. (4)Trading limits: a. Hedging trade limit: The Company shall use the monthly trading-type foreign exchange hedge net position as the hedging limit. Any excess of such limit shall be approved by the Board of Directors in advance. b. Special purpose trade limit:	

	shall be confined to capital expenditures, corporate bonds, and long-term investments and the actual amount of such transactions is used as the maximum hedging amount. c. Others: The trading limit, stop-loss limit, and authorized limit for other trades which does not belong to the two foregoing categories should be approved by the Board of Directors before execution. (5)Performance evaluation: a. Performance evaluation shall be based on the exchange rate costs on the Company's books and profit/loss from derivatives trading. b. The Company has adopted a monthly profit/loss appraisal approach in order to accurately manage and disclose price risks of derivatives trading. (6)Setting of loss limits: a. Hedging trade: i. After a trading position has been established, a stop-loss spot must be set to prevent over-limit losses. The stop-loss spot shall not exceed 10% of the trading contract amount. If the loss amount exceeds 10% of the trading amount, such event shall be	Special purpose trading limit shall be confined to capital expenditures, corporate bonds, and long-term investments and the actual amount of such transactions is used as the maximum hedging amount. c. Others: The trading limit, stop-loss limit, and authorized limit for other trades which does not belong to the two foregoing categories should be approved by the Board of Directors before execution. (5)Performance evaluation: a. Performance evaluation shall be based on the exchange rate costs on the Company's books and profit/loss from derivatives trading. b. The Company has adopted a monthly profit/loss appraisal approach in order to accurately manage and disclose price risks of derivatives trading. (6)Setting of loss limits: a. Hedging trade: i. After a trading position has been established, a stop-loss spot must be set to prevent over-limit losses. The stop-loss spot shall not exceed 10% of the trading contract amount. If the loss amount exceeds 10% of the trading amount,	

	immediately reported to CEO and the Board of Directors for discussion of necessary counter measures. ii. The loss amount for each trading contract shall not exceed 10% of the contract amount. iii. After a trading position has been established, a clear stop-loss exchange rate and interest rate shall be set based on 10% of the amount shown on the trade approval sheet. The stop-loss exchange rate and interest rate shall be recorded in the trade approval sheet and prior approval for the transaction shall be obtained in accordance with the authorized limit table. Market fluctuations must be monitored constantly so long as a position is held; if the exchange rate or interest rate reached the stop-loss spot, stop loss measures must be immediately implemented. b. Special purpose trade: Special purpose trade is used to hedge risks for definite purpose, and there must be specific corresponding hedge positions. In principle, a special purpose trade will not be early	such event shall be immediately reported to CEO and the Board of Directors for discussion of necessary counter measures. ii. The loss amount for each trading contract shall not exceed 10% of the contract amount. iii. After a trading position has been established, a clear stop-loss exchange rate and interest rate shall be set based on 10% of the amount shown on the trade approval sheet. The stop-loss exchange rate and interest rate shall be recorded in the trade approval sheet and prior approval for the transaction shall be obtained in accordance with the authorized limit table. Market fluctuations must be monitored constantly so long as a position is held; if the exchange rate or interest rate reached the stop-loss spot, stop loss measures must be immediately implemented. b. Special purpose trade: Special purpose trade is used to hedge risks for definite purpose, and there must be specific corresponding hedge positions. In principle, a special purpose	

<table>
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<td>terminated.
2. Operating procedures:
(1)Authorized limit (including hedging trades and special purpose trades):
In accordance with the Company's growth of sales, change of risk positions, and designated purpose, the authorized limits of the Company are set as follows. Any amendment to the authorized limit shall be handled in accordance with these Operating Procedures.
<table>
<tr><td></td><td>Upper limit on single trades</td><td>Total daily limit</td></tr>
<tr><td>CEO</td><td>US$40 million</td><td>US$100 million</td></tr>
<tr><td>Chief Officer of Finance Department</td><td>US$20 million</td><td>US$50 million</td></tr>
<tr><td>Officer of Funds Management Department</td><td>US$5 million</td><td>US$15 million</td></tr>
</table>
To ensure that the Company's authorization cooperate with the corresponding bank's oversight, the foregoing authorized limits and operating and hedging strategies shall be reported to the relevant corresponding bank. The bank</td>
<td>trade will not be early terminated.
2. Operating procedures:
(1)Authorized limit (including hedging trades and special purpose trades):
In accordance with the Company's growth of sales, change of risk positions, and designated purpose, the authorized limits of the Company are set as follows. Any amendment to the authorized limit shall be handled in accordance with these Operating Procedures.
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To ensure that the Company's authorization cooperate with the corresponding bank's oversight, the foregoing authorized limits and operating and hedging strategies shall be reported to the relevant</td>
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	shall be notified of any amendment to the authorized limit and make corrections thereof. In addition to compliance with the existing terms between Company and the bank, the bank shall be requested to continue to control the Company's trading and positions in accordance with the foregoing authorized limit table. (2)Execution department: As derivatives trading is characterized by rapid fluctuations, large monetary amounts, frequent trading, and complex calculations, it is necessary to appoint well trained professionals to conduct the trading and management. Thus, all derivatives trading shall be executed by authorized funds management personnel designated by the Chief Officer of the Finance Department. 3. Accounting treatment: Accounting treatment shall be handled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Internal control system: (1)Risk management measures: a. Credit risk considerations: In principle, transaction counterparties are limited to the Company's correspondent	corresponding bank. The bank shall be notified of any amendment to the authorized limit and make corrections thereof. In addition to compliance with the existing terms between Company and the bank, the bank shall be requested to continue to control the Company's trading and positions in accordance with the foregoing authorized limit table. (2)Execution department: As derivatives trading is characterized by rapid fluctuations, large monetary amounts, frequent trading, and complex calculations, it is necessary to appoint well trained professionals to conduct the trading and management. Thus, all derivatives trading shall be executed by authorized funds management personnel designated by the Chief Officer of the Finance Department. 3. Accounting treatment: Accounting treatment shall be handled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Internal control system: (1)Risk management measures: a. Credit risk considerations: In principle, transaction counterparties are limited to the	

	banks and those who could provide professional information. b. Market risk considerations: The major trading market is to trade in the OTC (over-the-counter) market via banks. The Futures market is not taken into consideration currently. c. Liquidity considerations: To ensure liquidity, the bank which the Company transacts with should have sufficient equipment, information, and trading capabilities, and should be able to trade in any market. d. Operation considerations: To avoid operation risk, the Company shall observe the authorized limit and operating procedures closely. e. Legal risk: To avoid legal risk, all documents to be entered into between the bank and the Company shall be reviewed by the Legal Department and the Finance Department before execution. f. Product risk: Internal trading officers and counterparty banks should possess extensive and correct professional knowledge in connection with the trading of financial products. It is required for the counterparty banks to	Company's correspondent banks and those who could provide professional information. b. Market risk considerations: The major trading market is to trade in the OTC (over-the-counter) market via banks. The Futures market is not taken into consideration currently. c. Liquidity considerations: To ensure liquidity, the bank which the Company transacts with should have sufficient equipment, information, and trading capabilities, and should be able to trade in any market. d. Operation considerations: To avoid operation risk, the Company shall observe the authorized limit and operating procedures closely. e. Legal risk: To avoid legal risk, all documents to be entered into between the bank and the Company shall be reviewed by the Legal Department and the Finance Department before execution. f. Product risk: Internal trading officers and counterparty banks should possess extensive and correct professional knowledge in connection with the trading of financial products. It is required	

	fully disclose risks to the Company so as to avoid losses from incorrect use of financial products. g. Cashflow risk: In addition to strictly observe the limits as set forth in the authorized limit table, the trading officers shall pay close attention to the Company's foreign currency cash-flow so as to ensure that there is sufficient cash to pay for F/X settlements. (2)Internal control: a. Trading personnel shall not concurrently serve as confirmation and settlement personnel. b. Trading personnel shall give trading vouchers or contracts to recording personnel for records. c. Recording personnel shall regularly check account balances with correspondent banks or request for bank statements. d. Recording personnel shall check whether the total amount of trades has exceeded the net position of foreign currency assets, liabilities and commitment net positions from time to time. e. The Funds Management Department shall assess the	for the counterparty banks to fully disclose risks to the Company so as to avoid losses from incorrect use of financial products. g. Cashflow risk: In addition to strictly observe the limits as set forth in the authorized limit table, the trading officers shall pay close attention to the Company's foreign currency cash-flow so as to ensure that there is sufficient cash to pay for F/X settlements. (2)Internal control: a. Trading personnel shall not concurrently serve as confirmation and settlement personnel. b. Trading personnel shall give trading vouchers or contracts to recording personnel for records. c. Recording personnel shall regularly check account balances with correspondent banks or request for bank statements. d. Recording personnel shall check whether the total amount of trades has exceeded the net position of foreign currency assets, liabilities and commitment net positions from time to time. e. The Funds Management	

	profit/loss status based on the final posted daily exchange rates and produce a report thereof at the end of each month. The Funds Management Department shall submit such report to the Chief Officer of the Finance Department and the Company's senior management officers. f. Personnel responsible for the risk assessment, monitoring, and control shall be assigned to different departments from the personnel referred to in the foregoing subparagraphs, and shall report to the Board of Directors or senior management officers not responsible for trading or position decisions. (3)Regular evaluation methods: a. The Board of Directors shall authorize senior management personnel to regularly monitor and evaluate whether derivative trades are executed under the Company's trading procedures, and determine whether the risk exposure is within the acceptable limits. Whenever a market price evaluation report contains any irregularity (such as the position held exceeding the loss limit), the aforementioned personnel shall	Department shall assess the profit/loss status based on the final posted daily exchange rates and produce a report thereof at the end of each month. The Funds Management Department shall submit such report to the Chief Officer of the Finance Department and the Company's senior management officers. f. Personnel responsible for the risk assessment, monitoring, and control shall be assigned to different departments from the personnel referred to in the foregoing subparagraphs, and shall report to the Board of Directors or senior management officers not responsible for trading or position decisions. (3)Regular evaluation methods: a. The Board of Directors shall authorize senior management personnel to regularly monitor and evaluate whether derivative trades are executed in compliance with the Company's trading procedures, and determine whether the risk exposure is within the acceptable limits. Whenever a market price evaluation report contains any irregularity (such as the position held exceeding	

	immediately report to the Board of Directors and take necessary counter measures. b. Derivative trading positions held shall be evaluated at least once each week. However, hedging trades executed for the Company's business needs shall be evaluated at least twice each month. Evaluation reports shall be submitted to the Chief Officer of the Finance Department. (4)Oversight principles for derivative trading by the Board of Directors: a. The Board of Directors shall appoint senior management officers to regularly monitor and control the derivatives trading risk. The guidelines for monitoring and control are as follows: i. Periodically evaluate whether the risk management measures currently adopted are appropriate and are conducted <u>under</u> these Operating Procedures and derivative trading operating guidelines promulgated by the Company. ii. Monitoring trading activities and profit/loss status, whenever irregularities are found, the senior management	the loss limit), the aforementioned personnel shall immediately report to the Board of Directors and take necessary counter measures. b. Derivative trading positions held shall be evaluated at least once each week. However, hedging trades executed for the Company's business needs shall be evaluated at least twice each month. Evaluation reports shall be submitted to the Chief Officer of the Finance Department. (4)Oversight principles for derivative trading by the Board of Directors: a. The Board of Directors shall appoint senior management officers to regularly monitor and control the derivatives trading risk. The guidelines for monitoring and control are as follows: i. Periodically evaluate whether the risk management measures currently adopted are appropriate and are conducted in accordance with these Operating Procedures and derivative trading operating guidelines promulgated by the Company. ii. Monitoring trading activities and profit/loss status,	

	officers shall take appropriate counter measures and shall immediately report to the Board of Directors. b. Periodically evaluate whether derivatives trading performance is consistent with the Company's established operational strategy and whether the risk exposure is acceptable to the Company. c. When engaging in derivatives trading, the Company shall report to the next Board of Directors meeting after it authorizes relevant personnel to conduct derivatives trading <u>under</u> the derivative trading operating guidelines promulgated by the Company. d. The Company shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under items <u>(3).b, (4).a.i and b of</u> subparagraph 4 of this <u>paragraph</u>, shall be recorded in detail in the memorandum book for inspection. 5. Internal audit system: (1)The Company's internal auditor shall periodically review the	whenever irregularities are found, the senior management officers shall take appropriate counter measures and shall immediately report to the Board of Directors. b. Periodically evaluate whether derivatives trading performance is consistent with the Company's established operational strategy and whether the risk exposure is acceptable to the Company. c. When engaging in derivatives trading, the Company shall report to the next Board of Directors meeting after it authorizes relevant personnel to conduct derivatives trading <u>in accordance with</u> the derivative trading operating guidelines promulgated by the Company. d. The Company shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under items <u>3-2, 4-1 and 4-2,</u> subparagraph 4 of this <u>Article 15</u>, shall be recorded in detail in the memorandum book for inspection. 5. Internal audit system:	

	appropriateness of the internal control system of derivatives trading, conduct a monthly audit of compliance of derivatives trading operating procedures by the execution department, analyze trading cycles, and prepare an audit report accordingly. The internal auditor shall notify the Audit Committee of the Company in writing if any material violation is found. (2)The Company's internal auditor shall file the audit report together with the annual internal audit review report for the preceding year with the Competent Authority by the end of February each year. The Company's internal auditor shall also report any improvements of irregularities during the preceding year to the Competent Authority by the end of May each year.	(1)The Company's internal auditor shall periodically review the appropriateness of the internal control system of derivatives trading, conduct a monthly audit of compliance of derivatives trading operating procedures by the execution department, analyze trading cycles, and prepare an audit report accordingly. The internal auditor shall notify the Audit Committee of the Company in writing if any material violation is found. (2)The Company's internal auditor shall file the audit report together with the annual internal audit review report for the preceding year with the Competent Authority by the end of February each year. The Company's internal auditor shall also report any improvements of irregularities during the preceding year to the Competent Authority by the end of May each year.	
Article 16	Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows: 1.Appraisal and operating procedures: (1)When the Company wishes to conduct a merger or consolidation, split, acquisition, or assignment of shares, it may engage an accountant, lawyer, and	Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows: 1.Appraisal and operating procedures: (1)When the Company wishes to conduct a merger or consolidation, split, acquisition, or assignment of shares, it may engage an accountant, lawyer, and	Certain languages are adjusted due to change of the referring method.

	underwriter to jointly review statutory procedures and proposed timetable; the Company shall also form a project execution team to implement the transaction in accordance with statutory procedures. The Company should, prior to convening a meeting of the Board of Directors to decide on the matter, further engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Board of Directors for discussion and approval. In the event the Company merges with its wholly owned subsidiary(ies), or the merger occurs between or among the Company's wholly owned subsidiaries, the above-mentioned appraisal report from a professional appraiser may be exempted. (2)When conducting a merger or consolidation, split, or acquisition, the Company shall prepare a public report to its shareholders, specifying important contractual contents and matters relevant to the merger or consolidation, split, or acquisition prior to the	underwriter to jointly review statutory procedures and proposed timetable; the Company shall also form a project execution team to implement the transaction in accordance with statutory procedures. The Company should, prior to convening a meeting of the Board of Directors to decide on the matter, further engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Board of Directors for discussion and approval. In the event the Company merges with its wholly owned subsidiary(ies), or the merger occurs between or among the Company's wholly owned subsidiaries, the above-mentioned appraisal report from a professional appraiser may be exempted. (2)When conducting a merger or consolidation, split, or acquisition, the Company shall prepare a public report to its shareholders, specifying important contractual contents and matters relevant to the merger or consolidation, split, or acquisition prior to the	

	shareholders' meeting. The Company shall attach such public report and the expert opinions referred to in item (1) of this subparagraph when sending the notice of shareholders' meeting for shareholders' reference in determining whether to approve the merger or consolidation, split, or acquisition. However, if the convention of shareholders' meeting to approve the merger or consolidation, split, or acquisition is exempted by applicable laws, the notification requirement for sending the notification in the preceding paragraph shall not apply. Moreover, where any one of the companies participating in a merger or consolidation, split, or acquisition fails to convene or obtain a resolution due to lack of a quorum, insufficient votes, or restrictions by applicable laws, or the proposal was vetoed by the shareholders' meeting, such company shall immediately publicly announce an explanation of the reason for such failure, follow-up measures to be taken, and the proposed date of the next shareholders' meeting. 2.Other matters to be noted: (1)Date of shareholders' meeting or meeting of the Board of Directors:	shareholders' meeting. The Company shall attach such public report and the expert opinions referred to in item (1), subparagraph 1 of this Article 16 when sending the notice of shareholders' meeting for shareholders' reference in determining whether to approve the merger or consolidation, split, or acquisition. However, if the convention of shareholders' meeting to approve the merger or consolidation, split, or acquisition is exempted by applicable laws, the notification requirement for sending the notification in the preceding paragraph shall not apply. Moreover, where any one of the companies participating in a merger or consolidation, split, or acquisition fails to convene or obtain a resolution due to lack of a quorum, insufficient votes, or restrictions by applicable laws, or the proposal was vetoed by the shareholders' meeting, such company shall immediately publicly announce an explanation of the reason for such failure, follow-up measures to be taken, and the proposed date of the next shareholders' meeting. 2.Other matters to be noted: (1)Date of shareholders' meeting or	

	Companies participating in a merger or consolidation, split, or acquisition shall convene their board meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance. Companies participating in an assignment of shares shall convene their board meetings on the same day, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance. When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference: a. Basic identification data for personnel: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved prior to disclosure of	meeting of the Board of Directors: Companies participating in a merger or consolidation, split, or acquisition shall convene their board meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance. Companies participating in an assignment of shares shall convene their board meetings on the same day, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance. When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference: a. Basic identification data for personnel: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons	

	the information in the planning or implementation of any merger or consolidation, split, acquisition, or assignment of another company's shares. b. Dates of material events: including those for signing of any letter of intent or memorandum of understanding, engaging of a financial or legal advisor, execution of a contract, and convening of a board of directors meeting. c. Important documents and minutes: including merger or consolidation, split, acquisition, or plan of assignment of share, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days commencing from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.	involved prior to disclosure of the information in the planning or implementation of any merger or consolidation, split, acquisition, or assignment of another company's shares. b. Dates of material events: including those for signing of any letter of intent or memorandum of understanding, engaging of a financial or legal advisor, execution of a contract, and convening of a board of directors meeting. c. Important documents and minutes: including merger or consolidation, split, acquisition, or plan of assignment of share, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days commencing from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for	

	Where any of the companies participating in a merger or consolidation, split, acquisition, or assignment of another company's shares is neither listed in the securities exchange nor trading over-the-counter, the Company shall sign an agreement with such company in order to prepare a full written record of the information of basic identification data for personnel, dates of material events and important documents and minutes and retain it for five years for reference and to report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation. (2)Commitment to confidentiality obligations in advance: Each person participating in or being informed of the plan for merger or consolidation, split, acquisition, or assignment of shares shall execute a written undertaking of confidentiality and shall not disclose the contents of the plan prior to public announcement of information in connection with the plan and shall not trade, in their own names or under the name of	recordation. Where any of the companies participating in a merger or consolidation, split, acquisition, or assignment of another company's shares is neither listed in the securities exchange nor trading over-the-counter, the Company shall sign an agreement with such company in order to prepare a full written record of the information of basic identification data for personnel, dates of material events and important documents and minutes and retain it for five years for reference and to report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation. (2)Commitment to confidentiality obligations in advance: Each person participating in or being informed of the plan for merger or consolidation, split, acquisition, or assignment of shares shall execute a written undertaking of confidentiality and shall not disclose the contents of the plan prior to public announcement of information in connection with the plan and shall not trade, in their	

	another person, in any stock or other equity security of any company related to the plan for merger or consolidation, split, acquisition, or assignment of shares. (3)Principles for setting and amending share swap ratio or acquisition price: When conducting a merger or consolidation, split, acquisition, or assignment of shares, except for the following circumstances, the share swap ratio or acquisition price shall not be amended arbitrarily and the circumstances in which the share swap ratio or acquisition price could be amended should be provided in the contract for the merger or consolidation, split, acquisition, or assignment of shares: a. Capital increase by cash, issuance of convertible bonds, free distribution of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity securities. b. Any disposal of material assets of the company or other action which may have a material adverse effect on the company's financial condition or business.	own names or under the name of another person, in any stock or other equity security of any company related to the plan for merger or consolidation, split, acquisition, or assignment of shares. (3)Principles for setting and amending share swap ratio or acquisition price: When conducting a merger or consolidation, split, acquisition, or assignment of shares, except for the following circumstances, the share swap ratio or acquisition price shall not be amended arbitrarily and the circumstances in which the share swap ratio or acquisition price could be amended should be provided in the contract for the merger or consolidation, split, acquisition, or assignment of shares: a. Capital increase by cash, issuance of convertible bonds, free distribution of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity securities. b. Any disposal of material assets of the company or other action which may have a material adverse effect on the company's	

	c. A disaster or major technological shift or other event which may affect shareholder's equity or the share price. d. An adjustment results from the buy-back of treasury stock by any of the companies participating in the merger or consolidation, split, acquisition, or assignment of shares. e. An increase or decrease in the number of entities or companies participating in the merger or consolidation, split, acquisition, or assignment of shares. f. Other terms and conditions allowing amendments which have been provided in the relevant contract and have been publicly disclosed. (4) Items to be provided in contract: In addition to those items required under Article 317-1 of the Company Law and Article 22 of the Business Mergers and Acquisitions Act, the contract for participation in a merger or consolidation, split, acquisition, or assignment of shares shall provide the following provisions: a. Remedy for breach of contract. b. Principles for the handling of equity securities previously issued or treasury stock previously bought back by any	financial condition or business. c. A disaster or major technological shift or other event which may affect shareholder's equity or the share price. d. An adjustment results from the buy-back of treasury stock by any of the companies participating in the merger or consolidation, split, acquisition, or assignment of shares. e. An increase or decrease in the number of entities or companies participating in the merger or consolidation, split, acquisition, or assignment of shares. f. Other terms and conditions allowing amendments which have been provided in the relevant contract and have been publicly disclosed. (4) Items to be provided in contract: In addition to those items required under Article 317-1 of the Company Law and Article 22 of the Business Mergers and Acquisitions Act, the contract for participation in a merger or consolidation, split, acquisition, or assignment of shares shall provide the following provisions: a. Remedy for breach of contract. b. Principles for the handling of equity securities previously issued or treasury stock	

	company that is to be dissolved in a merger or that is spun off. c. The amount of treasury stock that could be bought back by participating companies in accordance with applicable laws after the record date of calculation of the share swap ratio, and the handling principles thereof. d. Methods for handling changes in the number of participating entities or companies. e. Estimated schedule for execution of the plan, and anticipated completion date. f. Scheduled date for convention of shareholders' meeting in accordance with applicable laws in the event that execution of the plan falls behind the estimated schedule and relevant handling procedures. (5)Changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares: After relevant information has been publicly announced, if any company participating in the merger or consolidation, split, acquisition, or assignment of shares intends further to carry out a merger or consolidation, split, acquisition, or assignment of	previously bought back by any company that is to be dissolved in a merger or that is spun off. c. The amount of treasury stock that could be bought back by participating companies in accordance with applicable laws after the record date of calculation of the share swap ratio, and the handling principles thereof. d. Methods for handling changes in the number of participating entities or companies. e. Estimated schedule for execution of the plan, and anticipated completion date. f. Scheduled date for convention of shareholders' meeting in accordance with applicable laws in the event that execution of the plan falls behind the estimated schedule and relevant handling procedures. (5)Changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares: After relevant information has been publicly announced, if any company participating in the merger or consolidation, split, acquisition, or assignment of shares intends further to carry out a merger or consolidation, split,	

	shares with another company, all of the participating companies shall repeat the procedures or legal actions that had originally been completed toward the merger or consolidation, split, acquisition, or assignment of shares; except that where the number of participating companies is decreased and the participating company's shareholders' meeting has resolved and authorized the Board of Directors to amend the terms, such participating company could be exempted from convening another shareholders' meeting to resolve the matter again. (6) Where a company participating in a merger or consolidation, split, acquisition, or assignment of shares is not a public company, the Company shall sign an agreement with that company, and shall conduct the merger or consolidation, split, acquisition, or assignment of shares in accordance with the Board of Directors meeting <u>or the general meeting</u> convention date specified in item (1)<u> of this subparagraph,</u> the confidentiality obligation in item (2), and the requirements regarding changes in the number of companies participating in a	acquisition, or assignment of shares with another company, all of the participating companies shall repeat the procedures or legal actions that had originally been completed toward the merger or consolidation, split, acquisition, or assignment of shares; except that where the number of participating companies is decreased and the participating company's shareholders' meeting has resolved and authorized the Board of Directors to amend the terms, such participating company could be exempted from convening another shareholders' meeting to resolve the matter again. (6) Where a company participating in a merger or consolidation, split, acquisition, or assignment of shares is not a public company, the Company shall sign an agreement with that company, and shall conduct the merger or consolidation, split, acquisition, or assignment of shares in accordance with the Board of Directors meeting convention date specified in item (1), the confidentiality obligation in item (2), and the requirements regarding changes in the number of companies participating in a	

	merger or consolidation, split, acquisition, or assignment of shares in item (5), subparagraph 2 of this Article 16.	merger or consolidation, split, acquisition, or assignment of shares in item (5), subparagraph 2 of this Article 16.	
Article 17	Items to be publicly announced and reported and requirements for public announcement and reporting are as follows: 1.Acquisition or disposal of real property <u>or its right-of-use assets</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or its right-of-use assets</u> from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million; provided, however, that this paragraph shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises. 2.Merger or consolidation, split, acquisition, or assignment of shares. 3.Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts <u>under</u> the operating procedures promulgated by the Company. 4.Where equipment <u>or its right-of-use</u>	Items to be publicly announced and reported and requirements for public announcement and reporting are as follows: 1.Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises. 2.Merger or consolidation, split, acquisition, or assignment of shares. 3.Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts <u>as set out in</u> the operating procedures promulgated by the Company. 4.Where the type of asset acquired or disposed of is equipment for operational use, and the transaction	The reason of amendment is the same as the reason set forth in the first explanation of Article 11.

	<u>assets</u> for operational use<u> are acquired or disposed of</u>, and the transaction counterparty is not a related party, and the transaction amount is NT$1 billion or more. 5.Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale<u>, and furthermore the transaction counterparty is not a related party,</u> and the transaction amount to be invested by the Company is NT$500 million or more. 6.Other asset transactions other than those referred to in the preceding five subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances: (1)Trading of <u>domestic</u> government bonds. (2)Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds	counterparty is not a related party, and the transaction amount is NT$1 billion or more. 5.Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is NT$500 million or more. 6.Other asset transactions other than those referred to in the preceding five subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances: (1)Trading of government bonds. (2)<u>Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets, or subscribing the offering and issuance of straight corporate bonds and bank debentures that not involving shareholding rights on domestic</u>	

	issued by securities investment trust enterprises. 7.The transaction amount shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable regulations may be disregarded for the calculation: (1)The amount of each transaction. (2)The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year. (3)The cumulative transaction amount of acquisitions and disposals of real property <u>or its right-of-use assets</u> in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately). (4)The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).	<u>primary markets.</u> <u>(3)</u>Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises. 7.The transaction amount shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable regulations may be disregarded for the calculation: (1)The amount of each transaction. (2)The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year. (3)The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately). (4)The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for	

		disposal shall be calculated separately).	
Article 20	The Subsidiaries shall comply with the following provisions: 1. The Subsidiaries shall promulgate its own "Operating Procedures of the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," and shall submit the said operating procedures for approval by the Board of Directors first and then by the shareholders' meeting. The same procedure shall apply in the event of any amendment to the said operating procedures. If a Subsidiary has established an audit committee, the aforesaid promulgation shall be subject to the consent of one-half or more of all its audit committee members and be submitted to its board of directors for approval first and then by its shareholders' meeting. The same procedure shall apply in the event of any amendment to the said operating procedures. 2. When a Subsidiary acquires or disposes of assets, the Subsidiary shall act in accordance with these Operating Procedures. The Audit Division of the Company shall include the operating specifics of the	The Subsidiaries shall comply with the following provisions: 1. The Subsidiaries shall promulgate its own "Operating Procedures of the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," and shall submit the said operating procedures for approval by the Board of Directors first and then by the shareholders' meeting. The same procedure shall apply in the event of any amendment to the said operating procedures. If a Subsidiary has established an audit committee, the aforesaid promulgation shall be subject to the consent of one-half or more of all its audit committee members and be submitted to its board of directors for approval first and then by its shareholders' meeting. The same procedure shall apply in the event of any amendment to the said operating procedures. 2. When a Subsidiary acquires or disposes of assets, the Subsidiary shall act in accordance with these Operating Procedures. The Audit Division of the Company shall include the operating specifics of the	Certain languages are amended for compliance.

	acquisition or disposal of assets by the Subsidiaries as one of the internal audit items and shall conduct audits regularly or randomly; and shall review the self-check report prepared by the Subsidiaries. 3. If a Subsidiary is not a public company but its transaction amount of acquisition or disposal of assets meets the requirement of public announcement and reporting <u>in accordance with</u> the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies", the Company shall make the public announcement and reporting on behalf of the Subsidiary. 4. With regard to requirement of public announcement and reporting for subsidiaries, the provisions regarding "exceeding 20% of the Company's paid-in capital" or 10% of the total assets shall refer to the parent company's paid-in capital or total assets.	acquisition or disposal of assets by the Subsidiaries as one of the internal audit items and shall conduct audits regularly or randomly; and shall review the self-check report prepared by the Subsidiaries. 3. If a Subsidiary is not a public company but its transaction amount of acquisition or disposal of assets meets the requirement of public announcement and reporting <u>as set forth in</u> the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies", the Company shall make the public announcement and reporting on behalf of the Subsidiary. 4. With regard to requirement of public announcement and reporting for subsidiaries, the provisions regarding "exceeding 20% of the Company's paid-in capital" or 10% of the total assets shall refer to the parent company's paid-in capital or total assets.	

(2) Discussion of the Amendments to Operating Procedures of Fund Lending (Proposed by the Board of Directors)

Explanation: a) It is proposed to amend certain provisions of the Operating Procedures of Fund Lending in order to comply with the amendments to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the Financial Supervisory Commission. Please see the comparison table of revised articles of the Operating

Procedures of Fund Lending for the detailed revisions.

b) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Operating Procedures of Fund Lending

Article	Article after revision	Article before revision	Explanation
Article 3	Total Amount of Funds Lending and Limit for Each Recipient 1. When lending funds to other companies or enterprises with which the Company has business relations, the amount lent to a single recipient shall not exceed the total transaction amount between the recipient and the Company in the most recent year and shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements, and the total amount lent shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements; when providing short-term financing to other companies or enterprises, the short-term financing amount to a single recipient shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements, and the total short-term financing amount shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements. The aggregate amount of total funds lent to other companies or	Total Amount of Funds Lending and Limit for Each Recipient 1. When lending funds to other companies or enterprises with which the Company has business relations, the amount lent to a single recipient shall not exceed the total transaction amount between the recipient and the Company in the most recent year and shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements, and the total amount lent shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements; when providing short-term financing to other companies or enterprises, the short-term financing amount to a single recipient shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements, and the total short-term financing amount shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements. The aggregate amount of total funds lent to other companies or	Amendments are made to comply with “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” to exempt the restriction on the inter-company loans of funds between the Company and foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, the amount limits of 40% net worth of lending company and the duration limits of 1 year.

Article	Article after revision	Article before revision	Explanation
	enterprises with which the Company has business relations and total short-term financing provided to other companies or enterprises shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements. 2. When a subsidiary of the Company ("Subsidiary") lends funds to other companies or enterprises with which the Subsidiary has business relations, the amount lent to recipients shall not exceed the total transaction amount between the recipient and the Subsidiary in the most recent year and the total amount lent shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements; when providing short term financing to other companies or enterprises, the total short-term financing amount shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements. The aggregate amount of total funds lent to other companies or enterprises with which the Subsidiary has business relations and total short-term financing provided to other companies or enterprises shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements, provided	enterprises with which the Company has business relations and total short-term financing provided to other companies or enterprises shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements. 2. When a subsidiary of the Company ("Subsidiary") lends funds to other companies or enterprises with which the Subsidiary has business relations, the amount lent to recipients shall not exceed the total transaction amount between the recipient and the Subsidiary in the most recent year and the total amount lent shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements; when providing short term financing to other companies or enterprises, the total short-term financing amount shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements. The aggregate amount of total funds lent to other companies or enterprises with which the Subsidiary has business relations and total short-term financing provided to other companies or enterprises shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements, provided	

Article	Article after revision	Article before revision	Explanation
	that, the restriction of 40% net worth of lending company and limits of 1 year duration shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares or inter-company loans of funds between the Company and foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. "Related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. "Net worth" referred to herein shall mean the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	that, the restriction of 40% net worth of lending company shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. "Related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. "Net worth" referred to herein shall mean the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	
Article 5	Procedures for Fund Lending 1. Handling Procedures (1) When lending funds or providing short-term financing to others, the Company's division in charge shall review and submit the proposal for the Chairman of the Board's approval, and shall be approved by one-half or more of all Audit	Procedures for Fund Lending 1. Handling Procedures (1) When lending funds or providing short-term financing to others, the Company's division in charge shall review and submit the proposal for the Chairman of the Board's approval, and shall be approved by one-half or more of	1. Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and

Article	Article after revision	Article before revision	Explanation
	Committee members and then for discussion and consent by the Board of Directors. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors. The Board of Directors may authorize the Chairman to lend in installments or to revolve the credit facility when lending funds to the same party, within a certain amount resolved by the Board of Directors and within one year. The aforesaid "certain amount" means that the authorized amount of loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most recent financial statements of the lending company, provided that such restriction shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares <u>or inter-company loans of funds between the Company and</u>	all Audit Committee members and then for discussion and consent by the Board of Directors. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors. The Board of Directors may authorize the Chairman to lend in installments or to revolve the credit facility when lending funds to the same party, within a certain amount resolved by the Board of Directors and within one year. <u>The Company shall take into full consideration of each independent director's opinion in the discussion by the Board of Directors, and shall record each independent director's explicit opinion for assent or dissent and reason for dissent in the meeting minutes of the Board of Directors.</u> The aforesaid "certain amount" means that the authorized amount of loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net	Exchange Act as the Company has established audit committee. 2. Amendments are made to comply with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” to exempt the restriction on the inter-company loans of funds between the Company and foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, the amount limits of 40% net worth of lending company and the duration limits of 1 year.

Article	Article after revision	Article before revision	Explanation
	<u>foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares</u>. (2) The Finance Division of the Company shall set up a record book for recording matters relating to fund lending by the Company. After a lending of funds has been approved by the Board of Directors, the Finance Division shall record the details of the entity to which the lending of funds is made, amount, date of approval by the Board of Directors, drawdown date, and matters to be carefully evaluated in accordance with the Operating Procedures in the record book for further inspection. (3) The Company's internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify the Audit Committee of the Company in writing. (4) The Finance Division of the Company shall prepare a table listing the lending of funds made	worth on the most recent financial statements of the lending company, provided that such restriction shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. (2) The Finance Division of the Company shall set up a record book for recording matters relating to fund lending by the Company. After a lending of funds has been approved by the Board of Directors, the Finance Division shall record the details of the entity to which the lending of funds is made, amount, date of approval by the Board of Directors, drawdown date, and matters to be carefully evaluated in accordance with the Operating Procedures in the record book for further inspection. (3) The Company's internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify the Audit	

Article	Article after revision	Article before revision	Explanation
	or revoked each month in order to facilitate the Company's internal control, tracking, and the making of public announcement and reporting. The Finance Division of the Company shall also evaluate and reserve sufficient allowance for bad debts each quarter, and shall disclose information relating to the lending of funds made by the Company in the Company's financial statements and shall provide relevant information to the Company's external auditing CPA. (5) Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to the Audit Committee of the Company and rectify as scheduled under the corrective plans. 2. Review Procedures (1) The company or enterprise which applies for funds shall provide its relevant financial information and specify its intended usages of funds in writing for the Company's review.	Committee of the Company in writing. (4) The Finance Division of the Company shall prepare a table listing the lending of funds made or revoked each month in order to facilitate the Company's internal control, tracking, and the making of public announcement and reporting. The Finance Division of the Company shall also evaluate and reserve sufficient allowance for bad debts each quarter, and shall disclose information relating to the lending of funds made by the Company in the Company's financial statements and shall provide relevant information to the Company's external auditing CPA. (5) Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to the Audit Committee of the Company and rectify as scheduled under the corrective plans. 2. Review Procedures (1) The company or enterprise which	

Article	Article after revision	Article before revision	Explanation
	(2) After receiving the application for lending of funds, the Company's division in charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business relations between the funding recipient and the Company, the recipient's financial and operational condition, the recipient's ability for repayment of indebtedness and its credit worthiness, profitability, and intended usages of funds. The extents of impact of the Company's aggregate amount of funds lent on the Company's operations, financial conditions and shareholders' equity shall also be taken into consideration, and the division in charge shall then prepare a written report based on its evaluation and submit the report to the Board of Directors for review. (3) When lending funds or providing short-term financing to others, the Company shall require the borrower to provide guarantee notes in the same amount of funds lent and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens	applies for funds shall provide its relevant financial information and specify its intended usages of funds in writing for the Company's review. (2) After receiving the application for lending of funds, the Company's division in charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business relations between the funding recipient and the Company, the recipient's financial and operational condition, the recipient's ability for repayment of indebtedness and its credit worthiness, profitability, and intended usages of funds. The extents of impact of the Company's aggregate amount of funds lent on the Company's operations, financial conditions and shareholders' equity shall also be taken into consideration, and the division in charge shall then prepare a written report based on its evaluation and submit the report to the Board of Directors for review. (3) When lending funds or providing short-term financing to others, the Company shall require the borrower to provide guarantee	

Article	Article after revision	Article before revision	Explanation
	on the collaterals, and the Company shall evaluate quarterly whether the value of the collateral provided is comparable to the balance of the amount of funds lent and shall demand additional collaterals if necessary. With regards to the aforementioned collateral, if the borrower provides guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals, the Board of Directors may, referring to the assessment report of the division in charge, consider such guarantee and make a decision ; in the case of corporate guarantee, it is required to review if the guarantor's articles of incorporation provide that the provision of corporate guarantee is allowed. (4) Fire insurance shall be procured for each collateral except for land and securities; the insurance limits shall be in principle no less than the replacement cost of the collateral; each insurance policy shall designate the Company as the beneficiary and the title, quantity, location and insurance terms of the insured subject on the insurance policy shall be	notes in the same amount of funds lent and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens on the collaterals, and the Company shall evaluate quarterly whether the value of the collateral provided is comparable to the balance of the amount of funds lent and shall demand additional collaterals if necessary. With regards to the aforementioned collateral, if the borrower provides guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals, the Board of Directors may, referring to the assessment report of the division in charge, consider such guarantee and make a decision ; in the case of corporate guarantee, it is required to review if the guarantor's articles of incorporation provide that the provision of corporate guarantee is allowed. (4) Fire insurance shall be procured for each collateral except for land and securities; the insurance limits shall be in principle no less than the replacement cost of the collateral; each insurance policy	

Article	Article after revision	Article before revision	Explanation
	consistent with the original terms and conditions of the lending of funds made by the Company.	shall designate the Company as the beneficiary and the title, quantity, location and insurance terms of the insured subject on the insurance policy shall be consistent with the original terms and conditions of the lending of funds made by the Company.	
Article 9	Public Announcement and Reporting Procedures 1. The Finance Division shall report every month the balance of lending of funds made by the Company and its Subsidiaries in the preceding month by the fifth day of the current month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations. 2. In addition to the monthly public announcement and reporting of the Company's balance of lending of funds, in the event that the balance of funds lent by the Company and its Subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within	Public Announcement and Reporting Procedures 1. The Finance Division shall report every month the balance of lending of funds made by the Company and its Subsidiaries in the preceding month by the fifth day of the current month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations. 2. In addition to the monthly public announcement and reporting of the Company's balance of lending of funds, in the event that the balance of funds lent by the Company and its Subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within	Certain languages in paragraph 2 are revised as appropriate because loaning of funds is not belonging to kinds of transaction.

Article	Article after revision	Article before revision	Explanation
	two days commencing from the date of occurrence of such event: (1) The balance of lending of funds lent to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements. (2) The balance of funds lent by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in the Company's latest financial statements. (3) Amount of funds newly lent by the Company or its Subsidiaries exceeds NT$10,000,000 and reaches 2 percent or more of the Company's net worth as stated in the Company's latest financial statements. (4) After the public announcement and reporting has been made pursuant to any of the preceding items (1)-(3), the balance of funds lent increases by more than 2 percent of the Company's net worth as stated in the Company's latest financial statements. 3.If any of the matters to be publicly announced and reported as specified above is subject to the "Taiwan Stock	two days commencing from the date of occurrence of such event: (1) The balance of lending of funds lent to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements. (2) The balance of funds lent by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in the Company's latest financial statements. (3) Amount of funds newly lent by the Company or its Subsidiaries exceeds NT$10,000,000 and reaches 2 percent or more of the Company's net worth as stated in the Company's latest financial statements. (4) After the public announcement and reporting has been made pursuant to any of the preceding items (1)-(3), the balance of funds lent increases by more than 2 percent of the Company's net worth as stated in the Company's latest financial statements. 3. If any of the matters to be publicly announced and reported as specified above is subject to the "Taiwan Stock	

Article	Article after revision	Article before revision	Explanation
	Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation. "Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by board of directors, or other date that can determine the counterparty and the amount of the loaning of funds, whichever date is earlier.	Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation. "Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by board of directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.	
Article 11	Other Matters After approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors, and then submitted for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made	Other Matters After approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors, and then submitted for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made	Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and Exchange Act as the Company has established audit committee.

Article	Article after revision	Article before revision	Explanation
	for such objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting. The same procedure shall apply to any amendments to the Operating Procedures.	for such objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting. The same procedure shall apply to any amendments to the Operating Procedures. When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.	

(3) Discussion of the Amendments to Operating Procedures of Endorsement and Guarantee (Proposed by the Board of Directors)

Explanation:
a) It is proposed to amend certain provisions of the Operating Procedures of Endorsement and Guarantee in order to comply with the amendments to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the Financial Supervisory Commission. Please see the comparison table of revised articles of the Operating Procedures of Endorsement and Guarantee for the detailed revisions.
b) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Operating Procedures of Endorsement and Guarantee

Article	Article after revision	Article before revision	Explanation
V	Procedures for Making Endorsement and Guarantee 1. The Finance Division of the Company shall review the qualification and limits of endorsement and guarantee based on the application by the entity for which the endorsement and guarantee is to be made item by item, and determine whether the amount of the endorsement and guarantee to be made is in compliance with the requirements of the Operating Procedures, and check whether the amount of the endorsement and guarantee to be made is subject to the public announcement and reporting regulation. The Finance Division shall submit the review and assessment report prepared in accordance with Article VI of the Operating Procures for the Chairman of the Board's approval and for approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the	Procedures for Making Endorsement and Guarantee 1. The Finance Division of the Company shall review the qualification and limits of endorsement and guarantee based on the application by the entity for which the endorsement and guarantee is to be made item by item, and determine whether the amount of the endorsement and guarantee to be made is in compliance with the requirements of the Operating Procedures, and check whether the amount of the endorsement and guarantee to be made is subject to the public announcement and reporting regulation. The Finance Division shall submit the review and assessment report prepared in accordance with Article VI of the Operating Procures for the Chairman of the Board's approval and for approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the	Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and Exchange Act as the Company has established audit committee.

Article	Article after revision	Article before revision	Explanation
	Audit Committee shall be recorded in the meeting minutes of the Board of Directors. If the amount to be made is within the authorized amount, the Chairman of the Board may approve the endorsement and guarantee based on the recipient's credit worthiness and financial condition at his discretion and then report to the next meeting of the Board of Directors for recognition. 2. The Finance Division of the Company shall set up a record book for recording matters relating to making endorsements and guarantees by the Company. The Finance Division shall apply for stamping by the Company seal in accordance with applicable internal rules of the Company, and shall also record the entity for which the endorsement or guarantee is made, amount, date of approval by the Audit Committee, date of approval by the Board of Directors, endorsement or guarantee date, and matters to be carefully evaluated in accordance with Article VI of the Operating Procedures. 3. The Company's internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any	Audit Committee shall be recorded in the meeting minutes of the Board of Directors. If the amount to be made is within the authorized amount, the Chairman of the Board may approve the endorsement and guarantee based on the recipient's credit worthiness and financial condition at his discretion and then report to the next meeting of the Board of Directors for recognition. <u>The Company shall take into full consideration of each independent director's opinion when making endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</u> 。 2. The Finance Division of the Company shall set up a record book for recording matters relating to making endorsements and guarantees by the Company. The Finance Division shall apply for stamping by the Company seal in accordance with applicable internal rules of the Company, and shall also record the entity for which the endorsement or guarantee is made, amount, date of approval by the Audit Committee, date of approval by the Board of Directors, endorsement or guarantee date, and	

Article	Article after revision	Article before revision	Explanation
	material violation of the Operating Procedures, the auditors shall notify the Audit Committee of the Company in writing. 4. The Finance Division of the Company shall prepare a table listing endorsements and guarantees made or revoked each month in order to facilitate the Company's internal control, tracking, and making public announcement and reporting. The Finance Division of the Company shall also evaluate and record the contingent loss for endorsements and guarantees made, and shall disclose information relating to endorsements and guarantees made by the Company in the Company's financial statements and shall provide relevant information to the Company's auditing CPA. 5. If the qualification of the entity for which an endorsement or guarantee is made no longer meets the requirements set forth in the Operating Procedures, or the amount of endorsements and guarantees made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare corrective plans for the endorsement and guarantee made to the entity which is	matters to be carefully evaluated in accordance with Article VI of the Operating Procedures. 3. The Company's internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall notify the Audit Committee of the Company in writing. 4. The Finance Division of the Company shall prepare a table listing endorsements and guarantees made or revoked each month in order to facilitate the Company's internal control, tracking, and making public announcement and reporting. The Finance Division of the Company shall also evaluate and record the contingent loss for endorsements and guarantees made, and shall disclose information relating to endorsements and guarantees made by the Company in the Company's financial statements and shall provide relevant information to the Company's auditing CPA. 5. If the qualification of the entity for which an endorsement or guarantee is made no longer meets the requirements set forth in the	

Article	Article after revision	Article before revision	Explanation
	no longer qualified or the amount in excess of the limits for the Chairman's approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to the Audit Committee of the Company and rectify as scheduled under the corrective plans. 6. If there are necessary business needs for the Company to exceed the limits of endorsements and guarantees set forth in the Operating Procedures and if the requirements set forth in the Operating Procedures are complied with, it shall be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors and half or more of the directors shall act as joint guarantors for any loss of the Company that might incur due to the excess amount of endorsements and guarantees. The Operating Procedures shall also	Operating Procedures, or the amount of endorsements and guarantees made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare corrective plans for the endorsement and guarantee made to the entity which is no longer qualified or the amount in excess of the limits for the Chairman's approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to the Audit Committee of the Company and rectify as scheduled under the corrective plans. 6. If there are necessary business needs for the Company to exceed the limits of endorsements and guarantees set forth in the Operating Procedures and if the requirements set forth in the Operating Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss of the Company that might incur due to the excess amount of endorsements and guarantees. The Operating Procedures shall also be amended accordingly and submitted to the	

Article	Article after revision	Article before revision	Explanation
	be amended accordingly and submitted to the shareholders' meeting for approval. If the shareholders' meeting does not consent to such amendment, the Company shall prepare a corrective plan to revoke the excess amount within a specific period.	shareholders' meeting for approval. If the shareholders' meeting does not consent to such amendment, the Company shall prepare a corrective plan to revoke the excess amount within a specific period. <u>The Company shall take into full consideration of each independent director's opinion when discussing the amendment in the meeting of Board of Directors and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</u>	
VIII	Decision-making and Authorization Where an amount of endorsement and guarantee to be made is approved by the Company, each time when executing the endorsement and guarantee within such amount, the application letter by the entity for which the guarantee is to be made shall be reviewed in accordance with Article V of the Operating Procedures.	Decision-making and Authorization Where an amount of endorsement and guarantee to be made is approved by the Company, each time when executing the endorsement and guarantee within such amount, the application letter by the entity for which the guarantee is to be made shall be reviewed in accordance with Article V of the Operating Procedures. <u>The Company shall take into full consideration of each independent director's opinion when providing endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</u>	Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and Exchange Act as the Company has established audit committee.

Article	Article after revision	Article before revision	Explanation
X	Public Announcement and Reporting Procedures 1. The Finance Division shall report the balance of endorsements and guarantees made by the Company and its subsidiaries in the previous month by the fifth day of the following month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations. 2. In addition to the monthly public announcement and reporting of the Company's balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days commencing from the date of occurrence of such event: (1) The balance of endorsements and guarantees made by the Company and its Subsidiaries reaches 50 percent or more of the Company's net worth as stated in the	Public Announcement and Reporting Procedures 1. The Finance Division shall report the balance of endorsements and guarantees made by the Company and its subsidiaries in the previous month by the fifth day of the following month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations. 2. In addition to the monthly public announcement and reporting of the Company's balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days commencing from the date of occurrence of such event: (1) The balance of endorsements and guarantees made by the Company and its Subsidiaries reaches 50 percent or more of the Company's net worth as stated in the	Certain languages are revised as appropriate referring to the Article 9.4.(1) of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for clear definition of long-term investment.

Article	Article after revision	Article before revision	Explanation
	Company's latest financial statements. (2) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements. (3) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches NT$10 million or more and the aggregate amount of endorsements and guarantees for, <u>book value of</u> investment <u>accounted for using equity method</u> in, and balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in the Company's latest financial statements. (4) The amount of endorsements and guarantees newly made by the Company or its Subsidiaries exceeds NT$30 million and reaches 5 percent or more of the Company's net worth as stated in the Company's latest financial statements. 3. If any of the matters to be public announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for	Company's latest financial statements. (2) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements. (3) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches NT$10 million or more and the aggregate amount of endorsements and guarantees for, investment <u>of a long-term nature</u> in, and balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in the Company's latest financial statements. (4) The amount of endorsements and guarantees newly made by the Company or its Subsidiaries exceeds NT$30 million and reaches 5 percent or more of the Company's net worth as stated in the Company's latest financial statements. 3. If any of the matters to be public announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for	

Article	Article after revision	Article before revision	Explanation
	Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation. "Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by board of directors, or other date that can determine the counterparty and <u>the</u> amount of the <u>endorsement and guarantee</u>, whichever date is earlier.	Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation. "Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by board of directors, or other date that can determine the counterparty and <u>transaction</u> amount of the <u>transaction</u>, whichever date is earlier.	
XIII	Other Matters After approval by one-half or more of all Audit Committee members, and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors, and then submitted for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall	Other Matters After approval by one-half or more of all Audit Committee members, and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors, and then submitted for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall	Certain languages are revised as appropriate because the Company shall not apply to the Article 14-3 of Securities and Exchange Act as the Company has established audit committee.

Article	Article after revision	Article before revision	Explanation
	submit the objection to the shareholders' meeting for discussion. The same procedure shall apply to any amendment to the Operating Procedures.	submit the objection to the shareholders' meeting for discussion. The same procedure shall apply to any amendment to the Operating Procedures. When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.	

(4) To Remove 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 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) The proposal is submitted for discussion.

Description of Positions of Directors in Other Companies (New)

Name of Director	Positions in Other Companies	Title
Ping Cheng	Delta Greentech SGP Pte. Ltd.	Director

Voting and Resolution for each of the Proposal and Discussion Items

4. Extemporary Motions

Meeting Adjourn.

Appendix 1

Business Report

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

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

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

Power Electronics

With sophisticated technology and excellent operations management, Delta has become an indispensable long-term strategic partner with many world-class manufacturers, winning customer praise for products such as Switch Mode Power Supplies (SMPS), brushless DC fans, cooling systems, and miniaturized key components. After decades of development, our business operations have gradually expanded from consumer products to industrial, medical, automotive, home appliance and other fields of application.

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

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

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

Automation

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

In 2018, Delta assisted automotive industry customers in mastering energy applications for production lines, collecting and analyzing energy consumption data of equipment, and achieving energy-saving targets. Delta applied its DIAView graphic control system on CNC machine tools for data collection and analysis for device networking and intelligent monitoring. In addition, Delta has provided control and wireless communication solutions for automated guided vehicles (AGV) at food processing plants, and introduced SCARA industrial robots to the carton manufacturing industry to replace human labor. The SCARA robots provide high-precision, agile and flexible carton cover assembly while applying Delta's motion control system and smart energy detector to matrix sorting lines from the logistics industry to achieve fast and accurate parcel sorting operations.

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

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

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

Infrastructure

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

In communication power supplies, Delta already offers high-end energy solutions in countries such as Japan and the U.S. to meet commercial 5G mobile communication needs and assist telecommunication operators installing the 5G internet. In the U.S., Delta is successfully promoting a high efficiency energy system as well as a high performance DC generator for backup power supply to ensure stable and quality communication services. In Taiwan and Japan, Delta has introduced power systems that accommodate cell sites and utilize communication power supply systems that yield 98% energy conversion efficiency. In addition, these systems are equipped with Delta made lithium batteries to effectively assist the client in saving energy, reducing carbon emissions, and contributing to environmental sustainability.

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

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

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

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

Chairman	Yancey Hai
CEO	Ping Cheng
CFO	Judy Wang

Appendix 2

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying parent company only balance sheets of Delta Electronics, Inc. (the "Company") as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants as described in the Other Matter - Scope of the Audit section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2018 and 2017, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Investments accounted for under equity method

Description

In October 2017, the Company publicly acquired 49.22% of VIVOTEK INC. through a tender offer. The allocation of acquisition price was completed in the first quarter of 2018.

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

How our audit addressed the matter

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

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

Impairment assessment of investments accounted for under equity method

Description

As of December 31, 2018, the recognised goodwill as a result of investment of Cyntec Co., Ltd., VIVOTEK INC., Eltek AS, Delta Controls Inc., Loy Tec electronics GmbH and Delta Greentech (China) Co., Ltd. are material. Refer to Notes 5 for accounting estimates of impairment assessment of investments accounted for under equity method and the uncertainty of assumptions.

As the balance of investment accounted for under equity method is material, the valuation model adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment assessment of investment accounted for under equity method a key audit matter.

<u>How our audit addressed the matter</u>

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

A. Assessing whether the valuation models adopted by the Company are reasonable for the industry, environment and the valued assets of the Company;

B. Confirming whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and

C. Assessing the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:

   (a) Checking the setting of parameters of valuation models and calculation formulas;

   (b) Comparing the expected growth rate and operating margin with historical data, economic and industrial forecast documents; and

   (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rates of return of similar assets.

Other matter– Scope of the Audit

We did not audit the financial statements of certain investments accounted for under the equity method and information on investees disclosed in Note 13. These investments accounted for under equity method amounted to NT$14,483,106 thousand and NT$13,517,165 thousand, constituting 8.18% and 8.29% of total assets as of December 31, 2018 and 2017, respectively, and the share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method was NT$454,932 thousand and NT$1,036,192 thousand, constituting 2.42% and 7.72% of total comprehensive income for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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

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

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

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

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

The parent company only financial statements of Delta Electronics, Inc. for the year ended December 31, 2018 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of $30.715 to US$1.00 at December 31, 2018. This basis of translation is not in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2019

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars December 31, 2018	New Taiwan Dollars December 31, 2018	New Taiwan Dollars December 31, 2017
Current assets				
Cash and cash equivalents	6(1)	$ 7,811	$ 239,908	$ 2,548,015
Financial assets at fair value through profit or loss - current	6(2)	728	22,360	-
Financial assets at fair value through other comprehensive income - current	6(3)	1,877	57,656	-
Available-for-sale financial assets - current	12(4)	-	-	336,906
Contract assets - current	6(15) and 12(5)	28,669	880,554	-
Notes receivable, net	6(4)	2,267	69,639	221,128
Accounts receivable, net	6(4)	174,477	5,359,056	5,712,895
Accounts receivable - related parties	7	90,808	2,789,163	2,050,988
Other receivables		5,474	168,173	55,971
Other receivables - related parties	7	20,742	637,076	719,292
Inventories	6(5)	54,229	1,665,641	1,327,331
Prepayments		26,136	802,753	710,039
Other current assets	8	3,103	95,328	140,358
Total current assets		416,321	12,787,307	13,822,923
Non-current assets				
Financial assets at fair value through profit or loss - non-current	6(2)	1,701	52,231	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	56,274	1,728,446	-
Available-for-sale financial assets - non-current	12(4)	-	-	2,470,983
Financial assets carried at cost - non-current	12(4)	-	-	59,358
Investments accounted for under equity method	6(6)	4,747,252	145,811,850	133,396,710
Property, plant and equipment	6(7)	478,157	14,686,584	11,834,121
Intangible assets	6(8)	30,748	944,431	801,261
Deferred income tax assets	6(21)	15,572	478,295	498,662
Other non-current assets	6(9)	17,680	543,054	245,535
Total non-current assets		5,347,384	164,244,891	149,306,630
Total assets		$ 5,763,705	$ 177,032,198	$ 163,129,553

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF DOLLARS)

		US Dollars	New Taiwan Dollars	
Liabilities and Equity	Notes	December 31, 2018	December 31, 2018	December 31, 2017
Current liabilities				
Contract liabilities - current	6(15) and 12(5)	$ 13,895	$ 426,796	$ -
Accounts payable		36,430	1,118,938	889,241
Accounts payable - related parties	7	248,824	7,642,622	6,556,938
Other payables		289,434	8,889,975	8,777,715
Other payables - related parties	7	10,599	325,534	383,745
Current income tax liabilities		30,728	943,811	269,478
Other current liabilities	12(5)	20,972	644,159	1,010,849
Total current liabilities		650,882	19,991,835	17,887,966
Non-current liabilities				
Long-term borrowings	6(10)	566,433	17,398,000	10,576,000
Deferred income tax liabilities	6(21)	240,237	7,378,875	8,096,464
Other non-current liabilities	6(11)	64,865	1,992,329	2,012,154
Total non-current liabilities		871,535	26,769,204	20,684,618
Total liabilities		1,522,417	46,761,039	38,572,584
Equity				
Share capital				
Share capital - common stock	6(12)	845,692	25,975,433	25,975,433
Capital surplus	6(13)			
Capital surplus		1,575,682	48,397,067	48,446,318
Retained earnings	6(14)			
Legal reserve		755,704	23,211,444	21,373,388
Special reserve		230,771	7,088,143	2,767,749
Unappropriated retained earnings		1,079,606	33,160,104	33,082,224
Other equity interest				
Other equity interest		(246,167)	(7,561,032)	(7,088,143)
Total equity		4,241,288	130,271,159	124,556,969
Significant contingent liabilities and unrecorded contract commitments	9			
Significant subsequent events	11			
Total liabilities and equity		$ 5,763,705	$ 177,032,198	$ 163,129,553

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

Items	Notes	US Dollars 2018	New Taiwan Dollars 2018	New Taiwan Dollars 2017
Sales revenue	6(15) and 7	$ 1,268,073	$ 38,948,885	$ 38,577,747
Operating costs	6(5)(19)(20) and 7	(859,941)	(26,413,103)	(34,059,965)
Gross profit		408,132	12,535,782	4,517,782
Operating expenses	6(19)(20)			
Selling expenses		(22,151)	(680,375)	(692,610)
General and administrative expenses		(65,275)	(2,004,916)	(1,327,397)
Research and development expenses		(273,892)	(8,412,595)	(165,447)
Total operating expenses		(361,318)	(11,097,886)	(2,185,454)
Operating profit		46,814	1,437,896	2,332,328
Non-operating income and expenses				
Other income	6(16)	24,510	752,831	648,259
Other gains and losses	6(17)	1,766	54,240	(578,638)
Finance costs	6(18)	(2,730)	(83,854)	(76,933)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method, net	6(6)	527,770	16,210,468	17,679,180
Total non-operating income and expenses		551,316	16,933,685	17,671,868
Profit before income tax		598,130	18,371,581	20,004,196
Income tax expense	6(21)	(5,811)	(178,488)	(1,623,644)
Profit for the year		$ 592,319	$ 18,193,093	$ 18,380,552

(Continued)

DELTA ELECTRONICS, INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars 2018	New Taiwan Dollars 2018	New Taiwan Dollars 2017
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(11)	($ 2,643)	($ 81,177)	($ 147,085)
Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income		(37,692)	(1,157,722)	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss		12,386	380,450	19,459
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(1,994)	(61,235)	25,631
Other comprehensive loss that will not be reclassified to profit or loss		(29,943)	(919,684)	(101,995)
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations		106,950	3,284,960	(8,118,122)
Unrealised gain (loss) on valuation of available-for-sale financial assets		-	-	(159,868)
Share of other comprehensive income of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		(58,190)	(1,787,299)	2,907,524
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(21)	1,392	42,768	522,517
Other comprehensive income (loss) that will be reclassified to profit or loss		50,152	1,540,429	(4,847,949)
Other comprehensive income (loss) for the year		$ 20,209	$ 620,745	($ 4,949,944)
Total comprehensive income for the year		$ 612,528	$ 18,813,838	$ 13,430,608
Earnings per share	6(22)			
Basic earnings per share		$ 0.23	$ 7.00	$ 7.08
Diluted earnings per share		$ 0.23	$ 6.96	$ 7.02

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

				Retained Earnings			Other Equity Interest					
Items	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 at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total equity
2017 New Taiwan Dollars												
Balance at January 1, 2017		$ 25,975,433	$ 48,442,451	$ 19,493,608	$ 527,556	$ 31,915,572	($ 1,016,396)	$ -	($ 1,277,551)	$ 53,753	$ -	$ 124,114,426
Profit for the year		-	-	-	-	18,380,552	-	-	-	-	-	18,380,552
Other comprehensive income (loss) for the year		-	-	-	-	(101,995)	(4,895,443)	-	20,710	26,784	-	(4,949,944)
Comprehensive income (loss) for the year		-	-	-	-	18,278,557	(4,895,443)	-	20,710	26,784	-	13,430,608
Distribution of 2016 earnings (Note 1)												
Legal reserve	6(14)	-	-	1,879,780	-	(1,879,780)	-	-	-	-	-	-
Special reserve	6(14)	-	-	-	2,240,193	(2,240,193)	-	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)
Change in ownership interests in subsidiaries		-	3,867	-	-	(4,215)	-	-	-	-	-	(348)
Balance at December 31, 2017		$ 25,975,433	$ 48,446,318	$ 21,373,388	$ 2,767,749	$ 33,082,224	($ 5,911,839)	$ -	($ 1,256,841)	$ 80,537	$ -	$ 124,556,969
2018 New Taiwan Dollars												
Balance at January 1, 2018		$ 25,975,433	$ 48,446,318	$ 21,373,388	$ 2,767,749	$ 33,082,224	($ 5,911,839)	$ -	($ 1,256,841)	$ 80,537	$ -	$ 124,556,969
Effects of retrospective application and retrospective restatement	3 and 12(4)	-	-	-	-	1,118,916	-	(2,375,757)	1,256,841	(80,537)	80,537	-
Balance after retrospective restatement at January 1, 2018		25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	(5,911,839)	(2,375,757)	-	-	80,537	124,556,969
Profit for the year		-	-	-	-	18,193,093	-	-	-	-	-	18,193,093
Other comprehensive income (loss) for the year		-	-	-	-	(15,946)	1,489,814	(903,738)	-	-	50,615	620,745
Comprehensive income (loss) for the year		-	-	-	-	18,177,147	1,489,814	(903,738)	-	-	50,615	18,813,838
Distribution of 2017 earnings (Note 2)												
Legal reserve	6(14)	-	-	1,838,056	-	(1,838,056)	-	-	-	-	-	-
Special reserve	6(14)	-	-	-	4,320,394	(4,320,394)	-	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)
Change in ownership interests in subsidiaries		-	(49,251)	-	-	(62,680)	-	-	-	-	-	(111,931)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	(9,336)	-	9,336	-	-	-	-
Balance at December 31, 2018		$ 25,975,433	$ 48,397,067	$ 23,211,444	$ 7,088,143	$ 33,160,104	($ 4,422,025)	($ 3,270,159)	$ -	$ -	$ 131,152	$ 130,271,159

(Continued)

Note 1: Directors' remuneration amounting to $32,904 and employees' bonus amounting to $2,100,371 had been deducted from the Statement of Comprehensive Income in 2016.
Note 2: Directors' remuneration amounting to $35,400 and employees' bonus amounting to $1,746,152 had been deducted from the Statement of Comprehensive Income in 2017.

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

				Retained Earnings			Other Equity Interest					
Items	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 at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total equity
2018 US Dollars												
Balance at January 1, 2018		$ 845,692	$ 1,577,285	$ 695,862	$ 90,111	$ 1,077,071	($ 192,474)	$ -	($ 40,919)	$ 2,622	$ -	$ 4,055,250
Effects of retrospective application and retrospective restatement	3 and 12(4)	-	-	-	-	36,429	-	(77,348)	40,919	(2,622)	2,622	-
Balance after retrospective restatement at January 1, 2018		845,692	1,577,285	695,862	90,111	1,113,500	(192,474)	(77,348)	-	-	2,622	4,055,250
Profit for the year		-	-	-	-	592,319	-	-	-	-	-	592,319
Other comprehensive income (loss) for the year		-	-	-	-	(520)	48,504	(29,423)	-	-	1,648	20,209
Comprehensive income (loss) for the year		-	-	-	-	591,799	48,504	(29,423)	-	-	1,648	612,528
Distribution of 2017 earnings (Note 1)												
Legal reserve	6(14)	-	-	59,842	-	(59,842)	-	-	-	-	-	-
Special reserve	6(14)	-	-	-	140,660	(140,660)	-	-	-	-	-	-
Cash dividends	6(14)	-	-	-	-	(422,846)	-	-	-	-	-	(422,846)
Change in ownership interests in subsidiaries		-	(1,603)	-	-	(2,041)	-	-	-	-	-	(3,644)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	(304)	-	304	-	-	-	-
Balance at December 31, 2018		$ 845,692	$ 1,575,682	$ 755,704	$ 230,771	$ 1,079,606	($ 143,970)	($ 106,467)	$ -	$ -	$ 4,270	$ 4,241,288

Note 1: Directors' remuneration amounting to $1,153 and employees' bonus amounting to $56,850 had been deducted from the Statement of Comprehensive Income in 2017.

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

	Notes	US Dollars 2018	New Taiwan Dollars 2018	New Taiwan Dollars 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax for the year		$ 598,130	$ 18,371,581	$ 20,004,196
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(7)(19)	31,808	976,968	790,192
Amortisation	6(8)(19)	8,974	275,642	152,722
Reversal of provision for bad debts	12(4)	-	-	(25,390)
Interest expense	6(18)	2,730	83,854	76,933
Interest income	6(16)	(530)	(16,269)	(19,062)
Dividend income	6(16)	(2,419)	(74,305)	(48,792)
Share of profit of subsidiaries, associates accounted for under the equity method	6(6)	(527,770)	(16,210,468)	(17,679,180)
Net loss on financial assets or liabilities at fair value through profit or loss	6(17)	456	14,014	-
Gain on disposal of property, plant and equipment	6(17)	(544)	(16,705)	(605)
Gain on disposal of investments	6(17)	-	-	(92,679)
Impairment loss on financial assets	6(17) and 12(4)	-	-	632,304
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets mandatorily measured at fair value through profit or loss		1,812	55,662	-
Contract assets - current		9,545	293,169	-
Notes receivable, net		4,932	151,489	(44,383)
Accounts receivable		(25,395)	(780,022)	764,705
Accounts receivable - related parties		(24,033)	(738,175)	115,184
Other receivables		(3,658)	(112,342)	7,454
Other receivables - related parties		2,677	82,216	(287,489)
Inventories		(11,014)	(338,308)	(248,236)
Prepayments		(3,019)	(92,714)	295,238
Other current assets		1,475	45,302	(3,968)
Other non-current assets		(4,041)	(124,105)	(29,931)
Net changes in operating liabilities		-		
Contract liabilities - current		(2,979)	(91,513)	-
Accounts payable		7,241	222,411	122,945
Accounts payable - related parties		35,347	1,085,684	(478,090)
Other payables		2,374	72,932	181,877
Other payables - related parties		(1,895)	(58,211)	21,689
Other current liabilities		4,508	138,452	219,434
Other non-current liabilities		(3,297)	(101,279)	(183,409)
Cash generated from operations		101,415	3,114,960	4,243,659
Interest received		534	16,408	19,033
Dividends received		131,761	4,047,045	15,001,684
Interest paid		(2,608)	(80,093)	(76,111)
Income taxes paid		(7,177)	(220,470)	(730,282)
Net cash provided by operating activities		223,925	6,877,850	18,457,983

(Continued)

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

	Notes	US Dollars 2018	New Taiwan Dollars 2018	New Taiwan Dollars 2017
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of available-for-sale financial assets		$ -	$ -	($ 56,501)
Proceeds from disposal of available-for-sale financial assets		-	-	351,501
Proceeds from capital reduction of available-for-sale financial assets		-	-	95,733
Acquisition of financial asset at fair value through other comprehensive income		(7,988)	(245,356)	-
Disposal of financial assets at fair value through other comprehensive income		24	733	-
Acquisition of investments accounted for under equity method		(14,573)	(447,595)	(4,689,117)
Proceeds from disposal of investments accounted for under equity method		-	-	813
Proceeds from capital reduction of investments accounted for under equity method		68,594	2,106,870	-
Decrease in cash surrender value of life insurance		274	8,415	5,086
Decrease (increase) in prepayments for business facilities		(6,295)	(193,344)	82,691
Acquisition of property, plant and equipment	6(7)	(131,582)	(4,041,549)	(1,413,573)
Proceeds from disposal of property, plant and equipment		7,455	228,995	43,778
Acquisition of intangible assets	6(8)	(13,635)	(418,812)	(315,376)
(Increase) decrease in refundable deposits		661	20,298	(3,394)
Cash inflow due to business combinations	6(23)	199	6,105	-
Net cash flows used in investing activities		(96,866)	(2,975,240)	(5,898,359)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in short-term loans	6(24)	(1,465)	(45,000)	-
Proceeds from long-term debt	6(24)	222,106	6,822,000	2,552,435
Cash dividends paid	6(14)	(422,846)	(12,987,717)	(12,987,717)
Increase in guarantee deposits received		-	-	2,635
Net cash flows used in financing activities		(202,205)	(6,210,717)	(10,432,647)
(Decrease) increase in cash and cash equivalents		(75,146)	(2,308,107)	2,126,977
Cash and cash equivalents at beginning of year		82,957	2,548,015	421,038
Cash and cash equivalents at end of year		$ 7,811	$ 239,908	$ 2,548,015

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other independent accountants as described in the Other Matter - Scope of the Audit section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Business combination

Description

In October 2017, the Group publicly acquired 49.22% of VIVOTEK INC. through a tender offer. The allocation of acquisition price was completed in the first quarter of 2018. The value of intangible assets, inclusive of goodwill and identifiable intangible assets – premium on customer relationship, acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, "Business Combination". For details of purchase price allocation, refer to Note 6(28).

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

How our audit addressed the matter

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

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

Impairment assessment of goodwill

Description

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

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

How our audit addressed the matter

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

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

Other matter–Scope of the Audit

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Total assets of the subsidiaries amounted to NT$9,917,275 thousand and NT$9,128,719 thousand, constituting 3.79% and 3.64% of consolidated total assets as of December 31, 2018 and 2017, respectively, and operating revenue was NT$10,568,370 thousand and NT$4,218,765 thousand, constituting 4.46% and 1.89% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method was NT$8,154,777 thousand and NT$7,418,365 thousand, constituting 3.11% and 2.96% of consolidated total assets as of December 31, 2018 and 2017, respectively, and the share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method was NT$204,169 thousand and NT$923,720 thousand, constituting 1.06% and 6.79% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

Other matter–Parent company only financial reports

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

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

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

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

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

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

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

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

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

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Lin, Yu-Kuan   Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2019

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

		Equity attributable to owners of the parent												
				Retained earnings			Other equity interest							
Items	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 at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total	Non-controlling interests	Total equity
2017 New Taiwan Dollars														
Balance at January 1, 2017		$ 25,975,433	$ 48,442,451	$ 19,493,608	$ 527,556	$ 31,915,572	($ 1,016,396)	$ -	($ 1,277,551)	$ 53,753	$ -	$ 124,114,426	$ 4,894,440	$ 129,008,866
Profit for the year		-	-	-	-	18,380,552	-	-	-	-	-	18,380,552	376,400	18,756,952
Other comprehensive income (loss) for the year		-	-	-	-	(101,995)	(4,895,443)	-	20,710	26,784	-	(4,949,944)	(205,798)	(5,155,742)
Comprehensive income (loss) for the year		-	-	-	-	18,278,557	(4,895,443)	-	20,710	26,784	-	13,430,608	170,602	13,601,210
Distribution of 2016 earnings	6(18)													
Legal reserve		-	-	1,879,780	-	(1,879,780)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	2,240,193	(2,240,193)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)	(-)	(12,987,717)
Change in ownership interests in subsidiaries		-	3,867	-	-	(4,215)	-	-	-	-	-	(348)	-	(348)
Changes in non-controlling interests	6(19)	-	-	-	-	-	-	-	-	-	-	-	4,151,463	4,151,463
Balance at December 31, 2017		$ 25,975,433	$ 48,446,318	$ 21,373,388	$ 2,767,749	$ 33,082,224	($ 5,911,839)	$ -	($ 1,256,841)	$ 80,537	$ -	$ 124,556,969	$ 9,216,505	$ 133,773,474
2018 New Taiwan Dollars														
Balance at January 1, 2018		$ 25,975,433	$ 48,446,318	$ 21,373,388	$ 2,767,749	$ 33,082,224	($ 5,911,839)	$ -	($ 1,256,841)	$ 80,537	$ -	$ 124,556,969	$ 9,216,505	$ 133,773,474
Effects of retrospective application and retrospective restatement	3(1) and 12(4)	-	-	-	-	1,118,916	-	(2,375,757)	1,256,841	(80,537)	80,537	-	-	-
Balance after retrospective restatement at January 1, 2018		25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	(5,911,839)	(2,375,757)	-	-	80,537	124,556,969	9,216,505	133,773,474
Profit for the year		-	-	-	-	18,193,093	-	-	-	-	-	18,193,093	455,491	18,648,584
Other comprehensive income (loss) for the year		-	-	-	-	(15,946)	1,489,814	(903,738)	-	-	50,615	620,745	(18,709)	602,036
Comprehensive income (loss) for the year		-	-	-	-	18,177,147	1,489,814	(903,738)	-	-	50,615	18,813,838	436,782	19,250,620
Distribution of 2017 earnings	6(18)													
Legal reserve		-	-	1,838,056	-	(1,838,056)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	4,320,394	(4,320,394)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)	-	(12,987,717)
Change in ownership interests in subsidiaries		-	(49,251)	-	-	(62,680)	-	-	-	-	-	(111,931)	-	(111,931)
Changes in non-controlling interests	6(19)	-	-	-	-	-	-	-	-	-	-	-	(463,538)	(463,538)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	(9,336)	-	9,336	-	-	-	-	-	-
Balance at December 31, 2018		$ 25,975,433	$ 48,397,067	$ 23,211,444	$ 7,088,143	$ 33,160,104	($ 4,422,025)	($ 3,270,159)	$ -	$ -	$ 131,152	$ 130,271,159	$ 9,189,749	$ 139,460,908

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

		Equity attributable to owners of the parent												
				Retained earnings			Other equity interest							
Items	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 at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total	Non-controlling interests	Total equity
2018 US Dollars														
Balance at January 1, 2018		$ 845,692	$ 1,577,285	$ 695,862	$ 90,111	$ 1,077,071	($ 192,474)	$ -	($ 40,919)	$ 2,622	$ -	$ 4,055,250	$ 300,065	$ 4,355,315
Effects of retrospective application and retrospective restatement	3(1) and 12(4)	-	-	-	-	36,429	-	(77,348)	40,919	(2,622)	2,622	-	-	-
Balance after retrospective restatement at January 1, 2018		845,692	1,577,285	695,862	90,111	1,113,500	(192,474)	(77,348)	-	-	2,622	4,055250	300,065	4,355,315
Profit for the year		-	-	-	-	592,319	-	-	-	-	-	592,319	14,831	607,150
Other comprehensive income (loss) for the year		-	-	-	-	(520)	48,504	(29,423)	-	-	1,648	20,209	(609)	19,600
Comprehensive income (loss) for the year		-	-	-	-	591,799	48,504	(29,423)	-	-	1,648	612,528	14,222	626,750
Distribution of 2017 earnings	6(18)													
Legal reserve		-	-	59,842	-	(59,842)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	140,660	(140,660)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(422,846)	-	-	-	-	-	(422,846)	-	(422,846)
Change in ownership interests in subsidiaries		-	(1,603)	-	-	(2,041)	-	-	-	-	-	(3,644)	-	(3,644)
Changes in non-controlling interests	6(19)	-	-	-	-	-	-	-	-	-	-	-	(15,093)	(15,093)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	(304)	-	304	-	-	-	-	-	-
Balance at December 31, 2018		$ 845,692	$ 1,575,682	$ 755,704	$ 230,771	$ 1,079,606	($ 143,970)	($ 106,467)	$ -	$ -	$ 4,270	$ 4,241,288	$ 299,194	$ 4,540,482

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

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

(Continued)

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

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

Appendix 4

Audit Committee's Review Report

To: The 2019 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 2018 in accordance with applicable laws and regulations and found the same have been complied with. We hereby report to the shareholders as described above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Audit Committee of Delta Electronics, Inc.

Convenor of the Audit Committee: Yung-Chin Chen

Date: March 11, 2019

Appendix 5

Delta Electronics, Inc. (the "Company")

Operating Procedures of Acquisition or Disposal of Assets

(Translation)

June 23, 1989--passed by the Board of Directors

September 12, 1991--amendment passed by the Board of Directors

May 29, 1995--amendment passed by the Board of Directors

April 16, 1996--amendment passed by the Board of Directors

November 26, 1999--amendment passed by the Board of Directors

March 8, 2000--amendment passed by the Board of Directors

February 13, 2003--amendment passed by the Board of Directors

April 9, 2003--amendment passed by the Board of Directors

May 6, 2003--amendment passed by the general shareholders' meeting

May 18, 2004--amendment passed by the general shareholders' meeting

June 8, 2007 – amendment passed by the general shareholders’ meeting

June 19, 2012 – amendment passed by the general shareholders’ meeting

June 10, 2014 – amendment passed by the general shareholders’ meeting

June 10, 2015 – amendment passed by the general shareholders’ meeting

June 8, 2016 – amendment passed by the general shareholders’ meeting

June 13, 2017 – amendment passed by the general shareholders’ meeting

Chapter 1 General Principles

Article 1: Legal Basis

These operating procedures ("Operating Procedures") have been promulgated in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Financial Supervisory Commission ("Competent Authority").

Article 2: Promulgation and Amendment of the Operating Procedures

The Operating Procedures of Acquisition or Disposal of Assets of the Company shall be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors and be further submitted to the shareholders' meeting for approval. The same procedure shall apply to any amendment to the Operating Procedures.

If the Operating Procedures have not been approved by one-half or more of all Audit Committee members, the Operating Procedures may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the meeting minutes of the Board of Directors.

"All Audit Committee members" and "all directors" in the preceding paragraph referred to in these Operating Procedures shall mean the actual number of persons currently holding those positions.

When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.

Article 3: Definition of Terms

1. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts comprising combinations of the foregoing products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: refers to assets acquired or disposed through mergers, splits, or acquisitions conducted in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act or other applicable laws, or issuance of new shares and by use of the share equity so raised as the consideration payable for acquisition of another company's shares (the "assignment of shares") in accordance with Paragraph 8, Article 156 of the Company Law.
3. Related party and subsidiaries: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real estate appraiser or other person authorized by applicable laws to engage in the appraisal of real estate or equipment.
5. Date of occurrence: refers to the date of contract signing, date of payment, date of completion of trading, date of transfer registration, date of board of directors resolution, or other date confirming the counterpart and amount of the transaction, whichever date is earlier. However, in the case of investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: refers to investments in Mainland China area approved by the Investment Commission of the Ministry of Economic Affairs or conducted in accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China.
7. As used in the Operating Procedures, "within one year" refers to the year preceding the date of occurrence of the acquisition of disposal of assets; however, items duly announced in accordance with the Operating Procedures will be disregarded.
8. As used in the Operating Procedures, "latest financial statement" refers to the financial statement

published and audited or reviewed by the Company's auditing CPA in accordance with applicable laws prior to the acquisition or disposal of assets.

9. As used in the Operating Procedures, "10% of the Company's total assets" is calculated based on the total assets as stated in the most recent stand-alone or individual financial statement prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Chapter 2 Scope of Assets and Investment Limits

Article 4: Scope of assets applicable to the Operating Porcedures

1. Securities: including long- term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, deposit receipts, call (put) warrants, beneficiary certificates and asset-backed securities.
2. Real estate (including land, buildings and construction, investment real estate and rights to use land) and equipment.
3. Membership certificates.
4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc.
5. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws.
8. Other important assets.

Article 5: The total value of real property or securities purchased by the Company and its subsidiaries ("Subsidiaries") for non-operating use and limit on investment in each specific security are as follows:

1. The total value of real property purchased by the Company for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement. The total value of real property purchased by a Subsidiary for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement.
2. The total value of securities invested by the Company may not exceed 100% of the Company's net worth as stated in its latest financial statement. The total value of securities invested by a Subsidiary may not exceed 60% of the Company's net worth as stated in its latest financial statement.
3. The investment in a specific security by the Company may not exceed 50% of the Company's net worth as stated in its latest financial statement. The investment in a specific security by a Subsidiary may not exceed 30% of the Company's net worth as stated in its financial statement.

Chapter 3 Evaluation and Operating Process

Article 6: When assets are acquired or disposed in accordance with the Operating Procedures, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the authorized person according to the authorized limit table approved by the Board of Directors. If the amount of the assets to be acquired or disposed exceeds the amount as set forth in the authorized limit table, the transaction may be implemented only after approved by the Board of Directors.

The execution departments referred to in the foregoing paragraph are as follows:

1. For long-term and short-term securities: the Investment Department and the Finance Department.
2. For real property and equipment: the Department which uses such assets and the Finance Department.
3. For membership certificate: the Finance Department.
4. For intangible assets: each business unit, Legal and Intellectual Property Department or other competent department concerned.
5. For claims against financial institutions: the Finance Department.
6. For derivatives: the Finance Department.
7. For assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws: the Investment Department.
8. For other important assets: the Department which uses such assets.

Article 7: When the Company should appoint a professional appraiser, accountant, lawyer, or underwriter to assist in appraisal work and obtain an expert opinion in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority, the professional appraiser and its appraisal personnel, the accountant, lawyer, or underwriter so appointed shall not be a related party to the parties in the proposed transaction.

Article 8: When the Company acquires or disposes of assets through court auction procedures, the relevant evidence documentation issued by the court may be used as substitute for the appraisal report or the accountant opinion.

Article 9: If any acquisition or disposal of assets should be approved by the Audit Committee, the Board of Directors, or the shareholders' meeting in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority or other applicable laws, paragraph 1 of Article 6 of the Operating Procedures shall not apply to such acquisition or disposal of assets. In this case, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance, and then approved by one-half or more of all Audit Committee members and submit it for approval by the Board of Directors, or approval by the shareholders' meeting.

When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.

Chapter 4 Guidelines for the Acquisition or Disposal of Assets and Operating Procedures

Article 10: When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, first obtain the latest audited or reviewed financial statement of the issue company for reference in appraising the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. If the accountant needs to use an expert's report, the accountant shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (the "ARDF"). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Competent Authority.

Article 10-1: Where the total amount invested by a Subsidiary in securities after making a proposed investment will exceed 30% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance. Where the transaction amount of a proposed investment in a specific security by a Subsidiary exceeds 10% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.

Article 11: The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property or equipment:

When acquiring or disposing real property or equipment, if the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except for transacting with a government agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances a limited price, specific price or specified price should be used as reference price in determining the transaction price, such transaction shall be submitted for approval by the Board of Directors in advance, and the same procedures shall apply for any future changes to the terms and conditions of such transaction.

2. If the transaction amount is NT$1 billion or more, the Company shall obtain appraisal reports from at least two professional appraisers
3. If the professional appraiser's appraisal results revealed any of the following circumstances, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, the Company shall appoint an accountant to conduct the appraisal in accordance with the provisions of Statement of General Auditing Procedures No. 20 published by the ARDF and render a specific opinion regarding the cause of the differences and the reasonableness of the transaction price:
   (1) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.
   (2) Where the difference between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. The period from the date of the appraisal report issued by a professional appraiser to the execution date of the relevant sale and purchase agreement should be no more than three months. However, where the publicly announced current land value for the same period is used and not more than six months have elapsed from the original appraisal report, an opinion may still be issued by the same professional appraiser.
5. Items which should be included in an appraisal report are:
   (1) Items required in accordance with Regulations on Real Estate Appraisal.
   (2) Matters regarding the professional appraiser and its appraisal personnel:
      a. The professional appraiser's name, amount of paid-in capital, organizational structure, and personnel composition.
      b. The names, ages, academic records and curriculum vitae (with relevant evidences), number of years performing appraisal work and employment period, and number of appraisals conducted of the appraisal personnel.
      c. Relationship between professional appraiser, appraisal personnel, and the client.
      d. Declaration of no false statement or omission being contained in the appraisal report.
      e. Date of appraisal report.
   (3) Basic information of the subject property, which shall at least include the name and nature, location, and area of the subject property.
   (4) Examples of transactions involving other properties that are located within the area as the subject property.
   (5) When the appraisal type is for a specific price or specified price, the conditions of the specific or specified price and whether said conditions are met under current circumstances, the reason for the difference between the normal prices and such specific or specified price and the reasonableness of such difference, and whether the specific price or specified price is qualified to be used as reference for the transaction price.

(6) In terms of a joint development contract, the reasonable allocation percentage between the parties should be provided.
(7) An estimate of land value incremental tax.
(8) In case that appraised value of the subject property at the same appraisal date among appraisers differs and the difference is twenty percent or more, whether measures provided in Article 41 of the Real Estate Appraiser Act has been taken.
(9) Attachments to the appraisal report shall include the appraisal details of the subject property, ownership registration information, photocopy of cadastral map, urban planning sketch, location map of the subject property, certificate of land use zoning, and photographs showing current condition of the subject property.

Article 11-1: Where the total amount invested by a Subsidiary in real property for non-operating use after making a proposed investment will exceed 10% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance. Where the transaction amount of a proposed investment by a Subsidiary in a specific real property for non-operating use exceeds 1% of the Company's net worth as stated in its latest financial statement, the proposed investment shall be approved by the Company's Audit Committee and the Board of Directors by resolution in advance.

Article 12: Procedures governing transactions with a related party are as follows:

1. When the Company acquires or disposes of assets from or to a related party, in addition to complying with the requirements set forth in Article 10, Article 11 and Article 13 and following required resolution procedures and assessing the reasonableness of the transaction terms and other relevant matters in accordance with the following provisions, if the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or an accountant's opinion in accordance with Article 10,Article 11 and Article 13.

   The aforementioned calculation of the transaction amount shall be made in accordance with Article 13-1 hereof. Furthermore, when determining whether the transaction counterparty is a related party, in addition to legal formalities, the Company shall take into consideration of the substance of the relationship between the transaction parties.
2. Appraisal and operating procedures:

   Where the Company acquires or disposes of real property from or to a related party, or acquires or disposes of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million, except for trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises, the Company may proceed to enter into a transaction contract and make only after submitting the following information to the Audit Committee and obtaining approval by one-half or more of all Audit Committee members and, after submitting the same to the Board of Directors, obtaining approval from the Board of Directors, and paragraphs 2 and 3 of Article 2 shall apply mutatis mutandis:

(1) The purpose, necessity and estimated benefits of the acquisition or disposal of assets.

(2) The reason for choosing the related party as the transaction counterparty.

(3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of items (1) and (4), subparagraph 3 of this Article 12.

(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.

(5) Monthly cashflow forecasts for the year beginning from the anticipated month of execution of the contract, and evaluation of the necessity of the transaction, and reasonableness of the use of funds.

(6) An appraisal report from a professional appraiser or an accountant's opinion obtained in accordance with this Article.

(7) Restrictive covenants and other important terms in connection with the transaction.

The aforementioned calculation of the transaction amount shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to and approved by the Board of Directors in accordance with these Operating Procedures need not be counted toward the said transaction amount.

With respect to the acquisition or disposal of equipment for business use between the Company and its subsidiaries, the Board of Directors hereby authorizes the Chairman to decide such matters when the transaction is within NT$300 million and subsequently submit the aforesaid decision to the next meeting of the Board of Directors for ratification.

When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.

2. Assessment of reasonableness of transaction cost:

(1) The Company shall use the following methods to assess the reasonableness of the transaction cost when acquiring real property from a related party:

a. Based upon the related party’s transaction price plus necessary interest on funding and the costs payable by the buyer in accordance with applicable law. "Necessary interest on funding" refers to and is calculated by use of the weighted average interest rate on funds borrowed by the Company in the year when the Company plans to purchase the property as the basis. However, such necessary interest on funding may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

b. Based upon the total appraisal value from a financial institution if the related party has previously taken a mortgage on the property as security for a loan; provided that the actual cumulative amount lent by the financial institution shall be 70% or more of the financial institution’s appraisal value for the property and the loan shall have been disbursed and outstanding for one year or more. However, this method shall not apply if the financial institution is a related party of one of the transaction counterparties.

(2) Where the land and the building situated thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the methods set forth in the preceding paragraph.

(3) When the Company acquires real property from a related party, it shall appraise the cost of the real property in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12, and shall also engage an accountant to review the appraisal result and issue a specific opinion regarding appraisal result.

(4) Where the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the transaction shall be handled in accordance with the provisions of Item (5), subparagraph 3 of this Article 12. However, if any of the following circumstances occur and where any objective evidence has been provided and specific opinions on reasonableness of the transaction price have been obtained from a professional appraiser and an accountant have been obtained, the preceding paragraph shall not apply:

a. When the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

i. The undeveloped land is appraised in accordance with the foregoing methods, and the building is appraised according to the related party’s construction cost plus reasonable construction profit, and the total appraised value of the land and the building is in excess of the actual transaction price. "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party’s construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

ii. Concluded transactions by unrelated parties within the preceding year involving other floors of the same target property or properties located in the neighboring area, of which the property size and transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor or area prices in accordance with standard real property market practices.

iii. Concluded leasing transactions by unrelated parties within the preceding year for other floors of the same target property, of which the transaction terms are similar to the proposed transaction after taking into consideration of reasonable price differences in floor according to standard real property leasing market practices.

b. Where the Company provides evidences that the terms of the proposed acquisition of real property with the related party are similar to the terms of transactions concluded for the acquisition of property located in neighboring area of a similar size by unrelated parties within the preceding year. Concluded transactions for the acquisition of property located in neighboring area in the preceding paragraph in principle refers to property located at the same or an adjacent block of the target property and within a distance of no more than 500 meters or the publicly announced current value of the property is close to that of the target property; transaction of similar size refers to transactions concluded by unrelated parties with a land area of no less than 50% of the target property; within one year refers to one year preceding the date of occurrence of the proposed acquisition of the target property.

(5) When the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the Company shall comply with the following provisions. In addition, if the Company and any public company that invests in the Company using the equity method have allocated a special reserve in accordance with the following provisions, the Company and the public company may not utilize such special reserve until it has recognized loss due to price decline for such real property, or such property has been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from the Competent Authority shall have been obtained.

a. The Company shall allocate the difference between the real property transaction price and the estimate cost as a special reserve in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act, and shall not be distribute this reserve or use it for capitalization and issuance of new shares. If an investor that has investment in the Company by using the equity method is a public company, it shall also allocate special reserve in an amount in proportion to its shareholding in the Company according to paragraph 1, Article 41 of the Securities and Exchange Act.

b. The Audit Committee of the Company shall comply with Article 218 of the Company Law.

c. The Company shall report matters handled under the foregoing items (1) and (2) to the shareholders' meeting and shall disclose the details of the transaction in its annual report and prospectus.

(6) When the Company acquires real property from a related party and any of the following circumstances occur, it shall implement the transaction in accordance with the appraisal and operating procedures in subparagraphs 1 and 2 of this Article 12, and items (1), (2), and (3), subparagraph 3 of this Article 12 regarding the assessment of the reasonableness of transaction cost are not applicable:

a. The related party acquired the real property through inheritance or as a gift.

b. More than five years will have elapsed from the time the related party signed the contract to obtain the real property to the execution date of the proposed transaction.

c. The real property is to be acquired through signing of a joint development contract with the related party or through engaging the related party to build real property, either on the Company's own land or on a leased land.

(7) When the Company acquires real property from a related party and there is other evidence indicating that such acquisition does not conform to conventional business practice, the Company shall act in accordance with item (5), subparagraph 3 of this Article 12.

Article 13: The Company shall comply with the following guidelines with regard to the acquisition or disposal of membership certificates or intangible assets: When the Company acquires or disposes of membership certificates or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT$300 million or more, except for transacting with a government agency, the Company shall, prior to the date of occurrence of the event, appoint an accountant to render an opinion on the reasonableness of the transaction price. The accountant so appointed shall act in accordance with Statement of General Auditing Procedures No. 20 published by the ARDF accordingly.

Article 13-1: The calculation of the transaction amount referred to in Articles 10, 10-1, 11, 11-1 and 13 shall be made in accordance with Subparagraph 5 of Paragraph 1 of Article 17 hereof, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or an accountant's opinion is obtained in accordance with these Operating Procedures need not be counted toward the transaction amount.

Article 14: The Company shall comply with the following guidelines with regard to the acquisition or disposal of claims against financial institutions: The Company shall not engage in the acquisition or disposal of claims against financial institutions. If the Company wishes to acquire or dispose of claims against financial institutions in the future, it shall promulgate assessment and operating procedures after obtaining approval by the Board of Director.

Article 15: Procedures governing derivatives trading activities are as follows:

1. Trading principles and strategies:

(1) Types of trades:

The scope of the Company's derivatives trading shall be limited to forward foreign exchange, options, interest rate or exchange rate swaps, outright bond purchase and sale, and repurchase transactions. Prior approval of the Board of Directors is required for trading of other types of products.

(2) Operating and hedging strategies:

The Company shall engage in derivatives trading for the purpose of mitigating risks. When selecting derivatives products, the Company shall choose from the products with a view to mitigate the risks arising from the Company's business operating. In addition, to avoid creating credit risk, the Company shall choose derivatives trading counterparties from the Company's correspondent banks to the extent possible.

(3) Delegation of powers and duties:

a. Funds management: Funds management is the pivot of the foreign exchange management system; it is necessary to acquire foreign exchange mark information, assess trends and risks, have knowledge of financial products, be familiar with relevant laws and regulations and have relevant skills in order to provide the management, sales, purchasing, accounting, and funds management departments with sufficient and up-to-date information.

b. Accounting Department: Accounting Department is responsible for the control of the Company's overall foreign exchange position and shall accurately calculate realized and future positions for the Company to set account exchange rates and lock in profit and cost, which may avert the performance of the Company's core business from being influenced by exchange rate fluctuations. Accounting Department needs to rely on the information provided by purchasing and sales departments for the prediction and creation of positions, and a high level of accuracy of such information is essential to the holding of positions.

(4) Trading limits:

a. Hedging trade limit: The Company shall use the monthly trading-type foreign exchange hedge net position as the hedging limit. Any excess of such limit shall be approved by the Board of Directors in advance.

b. Special purpose trade limit: Special purpose trading limit shall be confined to capital expenditures, corporate bonds, and long-term investments and the actual amount of such transactions is used as the maximum hedging amount.

c. Others: The trading limit, stop-loss limit, and authorized limit for other trades which does not belong to the two foregoing categories should be approved by the Board of Directors before execution.

(5) Performance evaluation:

a. Performance evaluation shall be based on the exchange rate costs on the Company's books and profit/loss from derivatives trading.

b. The Company has adopted a monthly profit/loss appraisal approach in order to accurately manage and disclose price risks of derivatives trading.

(6) Setting of loss limits:

a. Hedging trade:

i. After a trading position has been established, a stop-loss spot must be set to prevent over-limit losses. The stop-loss spot shall not exceed 10% of the trading contract amount. If the loss amount exceeds 10% of the trading amount, such event shall be immediately reported to CEO and the Board of Directors for discussion of necessary counter measures.

ii. The loss amount for each trading contract shall not exceed 10% of the contract amount.

iii. After a trading position has been established, a clear stop-loss exchange rate and interest rate shall be set based on 10% of the amount shown on the trade approval sheet. The stop-loss exchange rate and interest rate shall be recorded in the trade approval sheet and prior approval for the transaction shall be obtained in accordance with the authorized limit table. Market fluctuations must be monitored constantly so long as a position is held; if the exchange rate or interest rate reached the stop-loss spot, stop loss measures must be immediately implemented.

b. Special purpose trade:

Special purpose trade is used to hedge risks for definite purpose, and there must be specific corresponding hedge positions. In principle, a special purpose trade will not be early terminated.

2. Operating procedures:

(1) Authorized limit (including hedging trades and special purpose trades):

In accordance with the Company's growth of sales, change of risk positions, and designated purpose, the authorized limits of the Company are set as follows. Any amendment to the authorized limit shall be handled in accordance with these Operating Procedures.

	Upper limit on single trades	Total daily limit
CEO	US$40 million	US$100 million
Chief Officer of Finance Department	US$20 million	US$50 million
Officer of Funds Management Department	US$5 million	US$15 million

To ensure that the Company's authorization cooperate with the corresponding bank's oversight, the foregoing authorized limits and operating and hedging strategies shall be reported to the relevant corresponding bank. The bank shall be notified of any amendment to the authorized limit and make corrections thereof. In addition to compliance with the existing terms between Company and the bank, the bank shall be requested to continue to control the Company's trading and positions in accordance with the foregoing authorized limit table.

(2) Execution department:

As derivatives trading is characterized by rapid fluctuations, large monetary amounts, frequent trading, and complex calculations, it is necessary to appoint well trained professionals to conduct the trading and management. Thus, all derivatives trading shall be executed by authorized funds management personnel designated by the Chief Officer of the Finance Department.

3. Accounting treatment:

Accounting treatment shall be handled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Internal control system:

(1) Risk management measures:

a. Credit risk considerations: In principle, transaction counterparties are limited to the Company's correspondent banks and those who could provide professional information.
b. Market risk considerations: The major trading market is to trade in the OTC (over-the-counter) market via banks. The Futures market is not taken into consideration currently.
c. Liquidity considerations: To ensure liquidity, the bank which the Company transacts with should have sufficient equipment, information, and trading capabilities, and should be able to trade in any market.
d. Operation considerations: To avoid operation risk, the Company shall observe the authorized limit and operating procedures closely.
e. Legal risk: To avoid legal risk, all documents to be entered into between the bank and the Company shall be reviewed by the Legal Department and the Finance Department before execution.
f. Product risk: Internal trading officers and counterparty banks should possess extensive and correct professional knowledge in connection with the trading of financial products. It is required for the counterparty banks to fully disclose risks to the Company so as to avoid losses from incorrect use of financial products.
g. Cashflow risk: In addition to strictly observe the limits as set forth in the authorized limit table, the trading officers shall pay close attention to the Company's foreign currency cash-flow so as to ensure that there is sufficient cash to pay for F/X settlements.

(2) Internal control:

a. Trading personnel shall not concurrently serve as confirmation and settlement personnel.
b. Trading personnel shall give trading vouchers or contracts to recording personnel for records.
c. Recording personnel shall regularly check account balances with correspondent banks or

request for bank statements.

d. Recording personnel shall check whether the total amount of trades has exceeded the net position of foreign currency assets, liabilities and commitment net positions from time to time.

e. The Funds Management Department shall assess the profit/loss status based on the final posted daily exchange rates and produce a report thereof at the end of each month. The Funds Management Department shall submit such report to the Chief Officer of the Finance Department and the Company's senior management officers.

f. Personnel responsible for the risk assessment, monitoring, and control shall be assigned to different departments from the personnel referred to in the foregoing subparagraphs, and shall report to the Board of Directors or senior management officers not responsible for trading or position decisions.

(3) Regular evaluation methods:

a. The Board of Directors shall authorize senior management personnel to regularly monitor and evaluate whether derivative trades are executed in compliance with the Company's trading procedures, and determine whether the risk exposure is within the acceptable limits. Whenever a market price evaluation report contains any irregularity (such as the position held exceeding the loss limit), the aforementioned personnel shall immediately report to the Board of Directors and take necessary counter measures.

b. Derivative trading positions held shall be evaluated at least once each week. However, hedging trades executed for the Company's business needs shall be evaluated at least twice each month. Evaluation reports shall be submitted to the Chief Officer of the Finance Department.

(4) Oversight principles for derivative trading by the Board of Directors:

a. The Board of Directors shall appoint senior management officers to regularly monitor and control the derivatives trading risk. The guidelines for monitoring and control are as follows:

   i. Periodically evaluate whether the risk management measures currently adopted are appropriate and are conducted in accordance with these Operating Procedures and derivative trading operating guidelines promulgated by the Company.

   ii. Monitoring trading activities and profit/loss status, whenever irregularities are found, the senior management officers shall take appropriate counter measures and shall immediately report to the Board of Directors.

b. Periodically evaluate whether derivatives trading performance is consistent with the Company's established operational strategy and whether the risk exposure is acceptable to the Company.

c. When engaging in derivatives trading, the Company shall report to the next Board of Directors meeting after it authorizes relevant personnel to conduct derivatives trading in accordance with the derivative trading operating guidelines promulgated by the Company.

d. The Company shall establish a memorandum book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under items 3-2, 4-1 and 4-2, subparagraph 4 of this Article 15, shall be recorded in detail in the memorandum book for inspection.

5. Internal audit system:

(1) The Company's internal auditor shall periodically review the appropriateness of the internal control system of derivatives trading, conduct a monthly audit of compliance of derivatives trading operating procedures by the execution department, analyze trading cycles, and prepare an audit report accordingly. The internal auditor shall notify the Audit Committee of the Company in writing if any material violation is found.

(2) The Company's internal auditor shall file the audit report together with the annual internal audit review report for the preceding year with the Competent Authority by the end of February each year. The Company's internal auditor shall also report any improvements of irregularities during the preceding year to the Competent Authority by the end of May each year.

Article 16: Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:

1. Appraisal and operating procedures:

(1) When the Company wishes to conduct a merger or consolidation, split, acquisition, or assignment of shares, it may engage an accountant, lawyer, and underwriter to jointly review statutory procedures and proposed timetable; the Company shall also form a project execution team to implement the transaction in accordance with statutory procedures. The Company should, prior to convening a meeting of the Board of Directors to decide on the matter, further engage an accountant, lawyer, or underwriter to render opinions regarding the reasonableness of the share swap ratio, acquisition price, or distribution of cash or other property to shareholders, and shall submit the same to the Board of Directors for discussion and approval. In the event the Company merges with its wholly owned subsidiary(ies), or the merger occurs between or among the Company's wholly owned subsidiaries, the above-mentioned appraisal report from a professional appraiser may be exempted.

(2) When conducting a merger or consolidation, split, or acquisition, the Company shall prepare a public report to its shareholders, specifying important contractual contents and matters relevant to the merger or consolidation, split, or acquisition prior to the shareholders' meeting. The Company shall attach such public report and the expert opinions referred to in item (1), subparagraph 1 of this Article 16 when sending the notice of shareholders' meeting for shareholders' reference in determining whether to approve the merger or consolidation, split, or acquisition. However, if the convention of shareholders' meeting to approve the merger or

consolidation, split, or acquisition is exempted by applicable laws, the notification requirement for sending the notification in the preceding paragraph shall not apply. Moreover, where any one of the companies participating in a merger or consolidation, split, or acquisition fails to convene or obtain a resolution due to lack of a quorum, insufficient votes, or restrictions by applicable laws, or the proposal was vetoed by the shareholders' meeting, such company shall immediately publicly announce an explanation of the reason for such failure, follow-up measures to be taken, and the proposed date of the next shareholders' meeting.

2. Other matters to be noted:

(1) Date of shareholders' meeting or meeting of the Board of Directors: Companies participating in a merger or consolidation, split, or acquisition shall convene their board meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance. Companies participating in an assignment of shares shall convene their board meetings on the same day, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the Competent Authority in advance.

When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:

a. Basic identification data for personnel: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved prior to disclosure of the information in the planning or implementation of any merger or consolidation, split, acquisition, or assignment of another company's shares.
b. Dates of material events: including those for signing of any letter of intent or memorandum of understanding, engaging of a financial or legal advisor, execution of a contract, and convening of a board of directors meeting.
c. Important documents and minutes: including merger or consolidation, split, acquisition, or plan of assignment of share, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days commencing from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.

Where any of the companies participating in a merger or consolidation, split, acquisition, or assignment of another company's shares is neither listed in the securities exchange nor trading over-the-counter, the Company shall sign an agreement with such company in order to prepare a full written record of the information of basic identification data for personnel, dates of material events and important documents and minutes and retain it for five years for reference and to report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.

(2) Commitment to confidentiality obligations in advance: Each person participating in or being informed of the plan for merger or consolidation, split, acquisition, or assignment of shares shall execute a written undertaking of confidentiality and shall not disclose the contents of the plan prior to public announcement of information in connection with the plan and shall not trade, in their own names or under the name of another person, in any stock or other equity security of any company related to the plan for merger or consolidation, split, acquisition, or assignment of shares.

(3) Principles for setting and amending share swap ratio or acquisition price: When conducting a merger or consolidation, split, acquisition, or assignment of shares, except for the following circumstances, the share swap ratio or acquisition price shall not be amended arbitrarily and the circumstances in which the share swap ratio or acquisition price could be amended should be provided in the contract for the merger or consolidation, split, acquisition, or assignment of shares:

a. Capital increase by cash, issuance of convertible bonds, free distribution of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity securities.
b. Any disposal of material assets of the company or other action which may have a material adverse effect on the company's financial condition or business.
c. A disaster or major technological shift or other event which may affect shareholder's equity or the share price.
d. An adjustment results from the buy-back of treasury stock by any of the companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
e. An increase or decrease in the number of entities or companies participating in the merger or consolidation, split, acquisition, or assignment of shares.
f. Other terms and conditions allowing amendments which have been provided in the relevant contract and have been publicly disclosed.

(4) Items to be provided in contract: In addition to those items required under Article 317-1 of the Company Law and Article 22 of the Business Mergers and Acquisitions Act, the contract for participation in a merger or consolidation, split, acquisition, or assignment of shares shall provide the following provisions:

a. Remedy for breach of contract.
b. Principles for the handling of equity securities previously issued or treasury stock previously bought back by any company that is to be dissolved in a merger or that is spun

off.

c. The amount of treasury stock that could be bought back by participating companies in accordance with applicable laws after the record date of calculation of the share swap ratio, and the handling principles thereof.
d. Methods for handling changes in the number of participating entities or companies.
e. Estimated schedule for execution of the plan, and anticipated completion date.
f. Scheduled date for convention of shareholders' meeting in accordance with applicable laws in the event that execution of the plan falls behind the estimated schedule and relevant handling procedures.

(5) Changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares: After relevant information has been publicly announced, if any company participating in the merger or consolidation, split, acquisition, or assignment of shares intends further to carry out a merger or consolidation, split, acquisition, or assignment of shares with another company, all of the participating companies shall repeat the procedures or legal actions that had originally been completed toward the merger or consolidation, split, acquisition, or assignment of shares; except that where the number of participating companies is decreased and the participating company's shareholders' meeting has resolved and authorized the Board of Directors to amend the terms, such participating company could be exempted from convening another shareholders' meeting to resolve the matter again.

(6) Where a company participating in a merger or consolidation, split, acquisition, or assignment of shares is not a public company, the Company shall sign an agreement with that company, and shall conduct the merger or consolidation, split, acquisition, or assignment of shares in accordance with the Board of Directors meeting convention date specified in item (1), the confidentiality obligation in item (2), and the requirements regarding changes in the number of companies participating in a merger or consolidation, split, acquisition, or assignment of shares in item (5), subparagraph 2 of this Article 16.

Chapter 5 Disclosure of Information and Public Announcement and Reporting Procedures

Article 17: Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.

2. Merger or consolidation, split, acquisition, or assignment of shares.
3. Any losses from derivatives trading which reaches the limits on aggregate losses or losses for individual contracts as set out in the operating procedures promulgated by the Company.
4. Where the type of asset acquired or disposed of is equipment for operational use, and the transaction counterparty is not a related party, and the transaction amount is NT$1 billion or more.
5. Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is NT$500 million or more.
6. Other asset transactions other than those referred to in the preceding five subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:
   (1) Trading of government bonds.
   (2) Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets, or subscribing the offering and issuance of straight corporate bonds and bank debentures that not involving shareholding rights on domestic primary markets.
   (3) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.
7. The transaction amount shall be calculated as follows; and the term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which has been duly announced in accordance with applicable regulations may be disregarded for the calculation:
   (1) The amount of each transaction.
   (2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.
   (3) The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).
   (4) The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).

Article 18: Deadline for public announcement and reporting:

When acquiring or disposing of assets, if such acquisition or disposal is one of the items that should be publicly announced and reported, and the transaction amount reaches the requirements for public announcement and reporting, the Company shall make the public announcement and reporting on the website designated by the Competent Authority in the format prescribed by the "Regulations

Governing Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority within two days commencing from the date of occurrence of the event.

Article 19: Procedures governing public announcement and reporting are as follows:

1. The Company shall make the public announcement and reporting of relevant information on the website designated by the Competent Authority in accordance with the preceding Article 18.
2. The Company shall post information regarding derivative trading activities of the Company and its subsidiaries that are not domestic public companies during the preceding month on the reporting website designated by the Competent Authority in the required format by the tenth day of each month.
3. If any required items publicly announced by the Company in accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, the Company shall make an public announcement and report of such items in their entirety again within two days from the date it learns of the occurrence of the given matter.
4. When acquisition or disposal of assets, unless otherwise provided in other applicable laws, the Company shall keep all relevant contracts, resolution minutes, memorandum books, appraisal reports, and opinions of accountants, lawyers, or underwriters for at least five years.
5. After the Company has publicly announced and reported a transaction in accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by the Competent Authority within two days commencing from the date of occurrence of the event:
   (1) Any amendment, termination or discharge of the contracts originally executed in the transaction.
   (2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.
   (3) Change in publicly announced and reported information.

Chapter 6 Supplemental Provisions

Article 20: The Subsidiaries shall comply with the following provisions:

1. The Subsidiaries shall promulgate its own "Operating Procedures of the Acquisition or Disposal of Assets" in accordance with the relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," and shall submit the said operating procedures for approval by the Board of Directors first and then by the shareholders' meeting. The same procedure shall apply in the event of any amendment to the said operating procedures. If a Subsidiary has established an audit committee, the aforesaid promulgation shall be subject to the consent of one-half or more of all its audit committee members and be submitted to its board of directors for approval first and then by its shareholders' meeting. The same procedure shall apply

in the event of any amendment to the said operating procedures.

2. When a Subsidiary acquires or disposes of assets, the Subsidiary shall act in accordance with these Operating Procedures. The Audit Division of the Company shall include the operating specifics of the acquisition or disposal of assets by the Subsidiaries as one of the internal audit items and shall conduct audits regularly or randomly; and shall review the self-check report prepared by the Subsidiaries.
3. If a Subsidiary is not a public company but its transaction amount of acquisition or disposal of assets meets the requirement of public announcement and reporting as set forth in the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies", the Company shall make the public announcement and reporting on behalf of the Subsidiary.
4. With regard to requirement of public announcement and reporting for subsidiaries, the provisions regarding "exceeding 20% of the Company's paid-in capital" or 10% of the total assets shall refer to the parent company's paid-in capital or total assets.

Article 21: Penalty provision is as follows:

If any of the Company's officers in charge of the acquisition or disposal of assets violates the Operating Procedures and such violation is verified, the person who violates the Operating Procedures will receive penalties commensurate with the severity of such violation according to the Company's working rules.

Article 22: Any matters not provided in these Operating Procedures shall be handled in accordance with applicable laws and regulations.

Appendix 6

Delta Electronics, Inc. (the "Company")
Operating Procedures of Fund Lending
(Translation)

November 6, 1995--passed by the Board of Directors
December 5, 1995--amendment passed by the Board of Directors
April 16, 1996--amendment passed by the Board of Directors
Februray 23, 2002--amendment passed by the Board of Directors
March 22, 2002--amendment passed by the Board of Directors
February 13, 2003--amendment passed by the Board of Directors
May 6, 2003--passed by the general shareholders' meeting
May 18, 2006-- passed by the general shareholders' meeting
June 10, 2009-- passed by the general shareholders' meeting
June 15, 2010-- passed by the general shareholders' meeting
June 19, 2012-- passed by the general shareholders' meeting
June 7, 2013-- passed by the general shareholders' meeting
June 10, 2015-- passed by the general shareholders' meeting

Article 1:

The Company shall comply with these operating procedures ("Operating Procedures") when lending funds to others. Any matters which are not provided herein shall be governed by applicable laws and regulations.

Article 2: Receipients, Reasons and Necessity of Fund Lending

1. The lending of funds made to other companies or enterprises with which the Company has business relations shall be confined to the operating needs of a related party.
2. The Company shall not provide short-term financings to other companies or enterprises except under the following circumstances:
   (1) Where more than 50% of the equity shares with voting rights of the funding recipient is held directly and indirectly by the Company, and the recipient is in need of short-term financing in connection with its financial and operational demands.
   (2) Where more than 50% of the Company's equity shares with voting rights are directly and indirectly owned by another company, and such company is in need of short-term financing in connection with its financial and operational demands.
   (3) Where a related party is in need of short-term financing in connection with its material-purchasing or operational needs.

(4) Other circumstances where the funding recipient is in need of short-term financing, and the funding is approved by the Board of Directors of the Company.

Article 3: Total Amount of Funds Lending and Limit for Each Recipient

1. When lending funds to other companies or enterprises with which the Company has business relations, the amount lent to a single recipient shall not exceed the total transaction amount between the recipient and the Company in the most recent year and shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements, and the total amount lent shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements; when providing short-term financing to other companies or enterprises, the short-term financing amount to a single recipient shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements, and the total short-term financing amount shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements. The aggregate amount of total funds lent to other companies or enterprises with which the Company has business relations and total short-term financing provided to other companies or enterprises shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements.
2. When a subsidiary of the Company ("Subsidiary") lends funds to other companies or enterprises with which the Subsidiary has business relations, the amount lent to recipients shall not exceed the total transaction amount between the recipient and the Subsidiary in the most recent year and the total amount lent shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements; when providing short term financing to other companies or enterprises, the total short-term financing amount shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements. The aggregate amount of total funds lent to other companies or enterprises with which the Subsidiary has business relations and total short-term financing provided to other companies or enterprises shall not exceed 40 percent of the Subsidiary's net worth as stated in the Subsidiary's latest financial statements, provided that, the restriction of 40% net worth of lending company shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares.

"Related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
"Net worth" referred to herein shall mean the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4: Term of Fund Lending and Calculation of Interest

The term of each individual loan or funding offered by the Company shall not exceed one year, and the interest rate for each loan or funding shall be adjusted variably according to the funding cost of the Company.

Article 5: Procedures for Fund Lending

1. Handling Procedures
   (1) When lending funds or providing short-term financing to others, the Company’s division in charge shall

review and submit the proposal for the Chairman of the Board's approval, and shall be approved by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors. The Board of Directors may authorize the Chairman to lend in installments or to revolve the credit facility when lending funds to the same party, within a certain amount resolved by the Board of Directors and within one year. The Company shall take into full consideration of each independent director's opinion in the discussion by the Board of Directors, and shall record each independent director's explicit opinion for assent or dissent and reason for dissent in the meeting minutes of the Board of Directors. The aforesaid "certain amount" means that the authorized amount of loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most recent financial statements of the lending company, provided that such restriction shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares.

(2) The Finance Division of the Company shall set up a record book for recording matters relating to fund lending by the Company. After a lending of funds has been approved by the Board of Directors, the Finance Division shall record the details of the entity to which the lending of funds is made, amount, date of approval by the Board of Directors, drawdown date, and matters to be carefully evaluated in accordance with the Operating Procedures in the record book for further inspection.

(3) The Company's internal auditors shall audit the procedures of lending of funds to others and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall promptly notify the Audit Committee of the Company in writing.

(4) The Finance Division of the Company shall prepare a table listing the lending of funds made or revoked each month in order to facilitate the Company's internal control, tracking, and the making of public announcement and reporting. The Finance Division of the Company shall also evaluate and reserve sufficient allowance for bad debts each quarter, and shall disclose information relating to the lending of funds made by the Company in the Company's financial statements and shall provide relevant information to the Company's external auditing CPA.

(5) Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limits set forth in the Operating Procedures as a result of change of conditions, the Finance Division of the Company shall prepare corrective plans and submit such corrective plans to the Audit Committee of the Company and rectify as scheduled under the corrective plans.

2. Review Procedures

(1) The company or enterprise which applies for funds shall provide its relevant financial information and specify its intended usages of funds in writing for the Company's review.

(2) After receiving the application for lending of funds, the Company's division in charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business

relations betweenthe funding recipient and the Company, the recipient's financial and operational condition, the recipient's ability for repayment of indebtedness and its credit worthiness, profitability, and intended usages of funds. The extents of impact of the Company's aggregate amount of funds lent on the Company's operations, financial conditions and shareholders' equity shall also be taken into consideration, and the division in charge shall then prepare a written report based on its evalution and submit the report to the Board of Directors for review.

(3) When lending funds or providing short-term financing to others, the Company shall require the borrower to provide guarantee notes in the same amount of funds lent and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens on the collaterals, and the Company shall evaluate quarterly whether the value of the collateral provided is comparable to the balance of the amount of funds lent and shall demand additional collaterals if necessary. With regards to the aforementioned collateral, if the borrower provides guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals, the Board of Directors may, referring to the assessment report of the division in charge, consider such guarantee and make a decision ; in the case of corporate guarantee, it is required to review if the guarantor's articles of incorporation provide that the provision of corporate guarantee is allowed.

(4) Fire insurance shall be procured for each collateral except for land and securities; the insurance limits shall be in principle no less than the replacement cost of the collateral; each insurance policy shall designate the Company as the beneficiary and the title, quantity, location and insurance terms of the insured subject on the insurance policy shall be consistent with the original terms and conditions of the lending of funds made by the Company.

Article 6: The Follow-Up Control Measures of Funds Lent

After each lending has been made, the Finance Division of the Company shall frequently monitor any changes in the borrowers' and guarantors' financial, business and related credit conditions, and any changes in the value of collaterals, and prepare written records of the monitoring results. If there is any significant change, the Finance Division of the Company shall promptly report to the President and related divisions in charge for their timely actions. When the borrower repays its borrowed amount on or before the due date, the relevant guarantee notes shall not be released or relevant liens shall not be cancelled until the borrower has repaid the full amount of principal together with interests accrued. If repayment cannot be made on the due date, the borrower shall apply for a deferred repayment in advance and such defer request shall be submitted to the Board of Directors for approval; otherwise the Company may take enforcement actions against the collaterals or guarantors in accordance of applicable laws for recovery.

Article 7: Additional Guidelines of Lending Funds to Others

1. Before lending funds, the Company shall carefully evaluate whether such lending is in compliance with the Operating Procedures and submit the evaluation results to the Board of Directors for resolution, and shall not authorize any other person to make the decision of lending of funds.

2. The Company's internal auditors shall audit the procedures for lending of funds to others and the implementation thereof no less frequently than each quarter and prepare written audit report accordingly. If there is any material violation of the operating procedures, the auditors shall promptly notify the Audit Committee of the Company in writing.
3. Where the recipients of the fund lending are not in compliance with the Operating Procedures or the amount of funds lent exceeds the limit as set forth in the Operating Procedures as a result of changes of condition, the auditors shall urge the Finance Division to withdraw the excess amount within a specified period and submit a corrective plan to the Audit Committee of the Company and rectify as scheduled under the corrective plans.

Article 8: Procedures for Controlling Fund Lending Made by Subsidiaries

1. For a Subsidiary that wishes to lend funds to others, the Subsidiary shall stipulate its operating procedures in accordance with the Operating Procedures and act accordingly.
2. When a Subsidiary lends funds to others, the Subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedures of Fund Lending". The Subsidiary shall also submit to the Company a written report every month summarizing the balance of funds lent, recipients of funds lent, and the term of funds lent in the preceding month by the fifth day of the current month. The internal auditors of the Company shall include the operating specifics of the lending of funds by the Subsidiaries as one of the items to be audited quarterly. If there is any material violation of the Internal Control Rules and/or the Operating Procedures of Fund Lending, the internal auditors of the Company shall promptly notify the Board of Directors and the Audit Committee.
3. If the Subsidiary is not a public company but in the event its amount of funds lent reaches any of the thresholds of public announcement and reporting as set forth in the second paragraph of Article 9, it shall notify the Company on the date of occurrence of the event. The Company shall make the public announcement and reporting accordingly in the designated website in accordance with applicable regulations after being notified of such event.

Article 9: Public Announcement and Reporting Procedures

1. The Finance Division shall report every month the balance of lending of funds made by the Company and its Subsidiaries in the preceding month by the fifth day of the current month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations.
2. In addition to the monthly public announcement and reporting of the Company's balance of lending of funds, in the event that the balance of funds lent by the Company and its Subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days commencing from the date of occurrence of such event:
   (1) The balance of lending of funds lent to others by the Company and its Subsidiaries reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(2) The balance of funds lent by the Company and its Subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(3) Amount of funds newly lent by the Company or its Subsidiaries exceeds NT$10,000,000 and reaches 2 percent or more of the Company's net worth as stated in the Company's latest financial statements.

(4) After the public announcement and reporting has been made pursuant to any of the preceding items (1)-(3), the balance of funds lent increases by more than 2 percent of the Company's net worth as stated in the Company's latest financial statements.

3. If any of the matters to be publicly announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.

"Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by board of directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.

Article 10: Penalty Provisions

If any of the Company's managers or personnel in charge violates the Operating Procedures, the person who violates the Operating Procedures will receive penalties commensurate with the severity of such violation according to the Company's working rules.

Article 11: Other Matters

After approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors, and then submitted for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting. The same procedure shall apply to any amendments to the Operating Procedures.

When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.

Appendix 7

Delta Electronics, Inc. (the "Company")
Operating Procedures of Endorsement and Guarantee
(Translation)

February 8, 1988--passed by the Board of Directors
March 19, 1988--passed by the general shareholders' meeting
March 8, 1994--amendment passed by the Board of Directors
April 21, 1994--amendment passed by the Board of Directors
May 9, 1994-- passed by the general shareholders' meeting
November 6, 1995—amendment passed by the Board of Directors
December 5, 1995--amendment passed by the Board of Directors
April 16, 1996--amendment passed by the Board of Directors
June 6, 1996--passed by the general shareholders' meeting
April 2, 1997--amendment passed by the Board of Directors
June 3, 1997--passed by the general shareholders' meeting
February 13, 2003--amendment passed by the Board of Directors
May 6, 2003--passed by the general shareholders' meeting
May 18, 2006-- passed by the general shareholders' meeting
June 10, 2009-- passed by the general shareholders’ meeting
June 15, 2010-- passed by the general shareholders’ meeting
June 19, 2012-- passed by the general shareholders’ meeting
June 7, 2013-- passed by the general shareholders’ meeting

I. Purpose

These operating procedures ("Operating Procedures") have been promulgated in order to specify the procedures for making endorsements and guarantees by the Company and to strengthen the internal control of the Company. Any matters which are not provided herein shall be governed by applicable laws and regulations.

II. Scope

The term "endorsements and guarantees" referred to herein includes:

1. Endorsements and guarantees in connection with financing:
   (1) Made for financing in connection with discounts on customer's check.
   (2) Endorsements or guarantees made for the financing needs of another company.
   (3) Negotiable instruments issued in favor of a non-financial institution as collaterals for the Company's financing purpose.
2. Customs duty endorsements and guarantees:
   Endorsements or guarantees made for the Company itself or other companies relating to the customs

duties payable by the Company or other companies.

3. Other endorsements and guarantees: Any endorsements or guarantees provided for the purposes outside the scope as mentioned in the preceding two items.

The creation of a pledge or a mortgage over the Company's personal or real property as collateral for the loans borrowed by other companies shall also be governed by the Operating Procedures.

III. Recipients of Endorsements and Guarantees

The Company may make endorsements and/or guarantees for the following companies:

1. Related parties with which the Company has business relations.
2. A company in which the Company directly and indirectly owns more than 50 % of its voting shares.
3. The company which directly and indirectly owns more than 50% of the Company's voting shares.

A company in which the Company directly and indirectly owns 100% of its voting shares may make endorsements and/or guarantees to another company in which the Company directly and indirectly owns 100% of its voting shares.

The mutual guarantees made by and between the Company and other enterprises of the same trade for the need of contracting for construction work or between joint builders in compliance with the contracts or the endorsements/ guarantees made by the shareholders for joint investment in a company in proportion to their shareholdings shall be exempt from the restrictions prescribed in the preceding two paragraphs.

The aforementioned investment refers to the investment directly made by the Company or indirectly made through a company whose voting shares are 100% owned by the Company.

The terms "related party", "subsidiary" and "parent company" referred to herein shall be determined according to the provisions set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IV. Limits of Endorsements and Guarantees

The total amount of the endorsements and guarantees made by the Company shall not exceed 40 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 20 percent of the Company's net worth as stated in the Company's latest financial statements. The total amount of the endorsements and guarantees made by the Company and its subsidiary as a whole shall not exceed 50 percent of the Company's net worth as stated in the Company's latest financial statements; and the total amount of endorsements and guarantees made to a single enterprise shall not exceed 30 percent of the Company's net worth as stated in the Company's latest financial statements.

"Net worth" referred to herein shall mean the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

In addition to the limits set forth in the preceding paragraph, the total amount of endorsements and guarantees made by the Company for a single enterprise with which the company has business relations shall be comparable to the purchase amount or sales revenue with that enterprise in the previous year or current year as of the time the endorsements and guarantees are made, whichever amount is higher.

V. Procedures for Making Endorsement and Guarantee

1. The Finance Division of the Company shall review the qualification and limits of endorsement and guarantee based on the application by the entity for which the endorsement and guarantee is to be made item by item, and determine whether the amount of the endorsement and guarantee to be made is in compliance with the requirements of the Operating Procedures, and check whether the amount of the endorsement and guarantee to be made is subject to the public announcement and reporting regulation. The Finance Division shall submit the review and assessment report prepared in accordance with Article VI of the Operating Procures for the Chairman of the Board's approval and for approval by one-half or more of all Audit Committee members and then for discussion and consent by the Board of Directors. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors. If the amount to be made is within the authorized amount, the Chairman of the Board may approve the endorsement and guarantee based on the recipient's credit worthiness and financial condition at his discretion and then report to the next meeting of the Board of Directors for recognition.

   The Company shall take into full consideration of each independent director's opinion when making endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.
2. The Finance Division of the Company shall set up a record book for recording matters relating to making endorsements and guarantees by the Company. The Finance Division shall apply for stamping by the Company seal in accordance with applicable internal rules of the Company, and shall also record the entity for which the endorsement or guarantee is made, amount, date of approval by the Audit Committee, date of approval by the Board of Directors, endorsement or guarantee date, and matters to be carefully evaluated in accordance with Article VI of the Operating Procedures.
3. The Company's internal auditors shall audit the procedures of making endorsements and guarantees and the implementation thereof each quarter and prepare a written audit report accordingly. If there is any material violation of the Operating Procedures, the auditors shall notify the Audit Committee of the Company in writing.
4. The Finance Division of the Company shall prepare a table listing endorsements and guarantees made or revoked each month in order to facilitate the Company's internal control, tracking, and making public announcement and reporting. The Finance Division of the Company shall also evaluate and record the contingent loss for endorsements and guarantees made, and shall disclose information relating to endorsements and guarantees made by the Company in the Company's financial statements and shall provide relevant information to the Company's auditing CPA.
5. If the qualification of the entity for which an endorsement or guarantee is made no longer meets the requirements set forth in the Operating Procedures, or the amount of endorsements and guarantees

made exceeds the limits set forth in the Operating Procedures as a result of changes of the basis of calculating the limits, the Finance Division of the Company shall prepare corrective plans for the endorsement and guarantee made to the entity which is no longer qualified or the amount in excess of the limits for the Chairman's approval and to correct all such issues within a specified period. The Finance Division of the Company shall also submit such corrective plans to the Audit Committee of the Company and rectify as scheduled under the corrective plans.

6. If there are necessary business needs for the Company to exceed the limits of endorsements and guarantees set forth in the Operating Procedures and if the requirements set forth in the Operating Procedures are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss of the Company that might incur due to the excess amount of endorsements and guarantees. The Operating Procedures shall also be amended accordingly and submitted to the shareholders' meeting for approval. If the shareholders' meeting does not consent to such amendment, the Company shall prepare a corrective plan to revoke the excess amount within a specific period.

   The Company shall take into full consideration of each independent director's opinion when discussing the amendment in the meeting of Board of Directors and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.

VI. Detailed Review Procedures

When making endorsements and guarantees, the Finance Division of the Company shall review and assess the following matters and prepare an assessment report accordingly:

1. To evaluate the necessity and reasonableness based on the understanding of the relations between the entity for which the endorsement or guarantee is to be made and the Company, the purposes and usages of the money borrowed by such entity, the connection of such entity with the Company's business or the importance of such entity's operations to the Company, together with Company's limits of endorsements and guarantees and current balance of the limits.
2. To assess potential risks that might occur by obtaining the annual report, financial statements, and other relevant information of the entity for which the endorsement or guarantee is to be made, and analyzing the operations, financial condition, and credit worthiness of such entity and the source of repayment of its debts.
3. To evaluate the rick on operations, and impact on the financial condition and shareholders' equity of the Company by analyzing the ratio of current balance of endorsements and guarantees to the net worth of the Company, the liquidity and cashflow of the Company, together with the review results under the preceding two paragraphs.
4. To determine whether it is necessary for the entity for which the endorsement or guarantee is to be made to provide collateral based on the assessment results under the preceding three paragraphs, and to evaluate each quarter whether the value of the collateral provided is comparable to the balance of the amount of endorsements and guarantees made and to demand additional collaterals if necessary.

VII. Procedures for Controlling Endorsements and Guarantees Made by Subsidiaries

1. When a subsidiary of the Company wishes to provide endorsements and guarantees to other entity, the subsidiary shall act in accordance with its own "Internal Control Rules" and "Operating Procedures of Endorsement and Guarantee". The subsidiary shall also submit to the Company a written report summarizing the balance of endorsements and guarantees made, entities for which the endorsements and guarantees are made, and the term of the endorsements and guarantees made in the preceding month by the fifth day of the following month. The Audit Division of the Company shall include the operating specifics of the endorsements and guarantees made by the subsidiaries as one of the items to be audited quarterly. If there is any material violation of the Internal Control Rules and/or the Operating Procedures of Fund Lending, the internal auditors of the Company shall promptly notify the Board of Directors the Audit Committee.
2. If a subsidiary of the Company is not a public company but its amount of endorsements and guarantees made meets the requirement of public announcement and reporting as set forth in Article X, paragraph 2 of the Operating Procedures, it shall notify the Company on the date of occurrence of the event. The Company shall make the public announcement and reporting accordingly in the designated website in accordance with applicable regulations after being notified of such event.

VIII. Decision-making and Authorization

Where an amount of endorsement and guarantee to be made is approved by the Company, each time when executing the endorsement and guarantee within such amount, the application letter by the entity for which the guarantee is to be made shall be reviewed in accordance with Article V of the Operating Procedures.

The Company shall take into full consideration of each independent director's opinion when providing endorsements and guarantees to others and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.

IX. Procedures for Use and Custody of Corporate Seal

1. According to applicable regulations promulgated by the competent authority in charge of securities matters, the Company shall use the corporate seal registered with the Ministry of Economics Affairs as the dedicated stamp for endorsements and guarantees. The dedicated stamp for endorsements and guarantees shall be kept under the custody of a designated custodian approved by the Board of Directors. If there is any change of the custodian, the Board of Directors shall approve such change, and the dedicated stamp shall be transferred to the custody of the successor custodian.
2. When the Company makes a guarantee for a foreign company, the Company shall have the guarantee letter signed by a person authorized by the Board of Directors.

X. Public Announcement and Reporting Procedures

1. The Finance Division shall report the balance of endorsements and guarantees made by the Company

and its subsidiaries in the previous month by the fifth day of the following month to the Stock Affairs Division of the Company together with the amount of sales revenue for monthly public announcement and reporting within the required time period according to applicable regulations.

2. In addition to the monthly public announcement and reporting of the Company's balance of endorsements and guarantees, when the amount of endorsements and guarantees made by the Company and its subsidiaries reaches any of the following thresholds, the Finance Division of the Company shall immediately notify the Stock Affairs Division of the Company and provide relevant materials for the Stock Affairs Division to make the public announcement and reporting within two days commencing from the date of occurrence of such event:
   (1) The balance of endorsements and guarantees made by the Company and its Subsidiaries reaches 50 percent or more of the Company's net worth as stated in the Company's latest financial statements.
   (2) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in the Company's latest financial statements.
   (3) The balance of endorsements and guarantees made by the Company and its Subsidiaries to a single enterprise reaches NT$10 million or more and the aggregate amount of endorsements and guarantees for, investment of a long-term nature in, and balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in the Company's latest financial statements.
   (4) The amount of endorsements and guarantees newly made by the Company or its Subsidiaries exceeds NT$30 million and reaches 5 percent or more of the Company's net worth as stated in the Company's latest financial statements.
3. If any of the matters to be public announced and reported as specified above is subject to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Listed Companies", the Company shall make necessary public announcement in accordance with such regulation.

"Date of occurrence" referred to herein shall mean the date of contract signing, date of payment, date of resolution by board of directors, or other date that can determine the counterparty and transaction amount of the transaction, whichever date is earlier.

XI. Penalty Provisions

If any of the Company's managers or personnel in charge violates the Operating Procedures, the person who violates the Operating Procedures will be submitted for review according to the Company's working rules and will receive penalties commensurate with the severity of such violation.

XII. In case of endorsement or guarantee provided for a subsidiary whose net worth is lower than one half of the paid-in capital,the financial unit of the Company shall, on a monthly basis, assess the financial structure of such subsidiary, and upon any major changes, shall immediately notify the Chairman and request the relevant divisions in charge to handle the matters as soon as possible.

XIII. Other Matters

After approval by one-half or more of all Audit Committee members, and then for discussion and consent by the Board of Directors, these Operating Procedures shall be submitted to the shareholders' meeting for approval before implementation. If the proposal has not been approved by one-half or more of all Audit Committee members, it may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors, and then submitted for approval by the shareholders' meeting before implementation. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to the shareholders' meeting for discussion. The same procedure shall apply to any amendment to the Operating Procedures.

When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.

Appendix 8

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 depositary 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

Delta Electronics, Inc. Shareholders' Meeting Rules and Procedures

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

Article 1

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

Article 2

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

Article 3

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

The Company shall prepare the electronic files of the notification of the shareholders' meeting, the proxy instrument, agenda and materials relating to proposals for acknowledgment and discussion and election or discharge of directors, and upload the same to the Market Observation Post System Website 30 days in advance of an annual general shareholders' meeting or 15 days in advance of an extraordinary shareholders' meeting. The Company shall also prepare the electronic files of the shareholders' meeting agenda and supplemental materials and upload the same to the Market Observation Post System Website 21 days in advance of an annual general shareholders' meeting or 15 days in advance of an extraordinary shareholders' meeting. The Company shall make the shareholders' meeting agenda and supplemental materials available for shareholders to review at any time 15 days in advance of the shareholders' meeting and these documents shall be displayed at the Company and its stock affairs agency and shall be distributed at the shareholders' meeting.

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

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

Article 4

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

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

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

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

Article 4-1

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

Article 4-2

If a shareholder exercises his voting right in writing or by way of electronic transmission, his declaration of intention shall be served to the Company 2 days in advance of the shareholders' meeting; if two or more declarations of the same intention are served to the Company, the declaration of such intention firstly received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

After a shareholder exercises his voting right in writing or by way of electronic transmission, in case the shareholder decides to attend the shareholders' meeting in person, such shareholder shall, 2 days in advance of the shareholders' meeting, revoke his declaration of intention by the same method which the shareholder had previously used to exercise his voting right. In the event the shareholder fails to revoke such declaration prior to the aforesaid time limit, the voting right exercised in writing or by way of electronic transmission shall prevail.

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

Article 5

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

Article 6

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

The check-in time for attending shareholders shall commence from at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staffs in the check-in place.

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

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

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

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

Article 7

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

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

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

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

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

Article 8

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

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

Article 9

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

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

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

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

Article 10

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

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

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

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

Article 11

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

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

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

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

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

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

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

Article 12

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

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

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

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

Article 13

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

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

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

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

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

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

Article 14

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

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

Article 15

Resolutions made at a shareholders' meeting shall be compiled in the form of minutes.

The chairman shall affix his signature or seal to the minutes, which shall be issued to shareholders within 20 days after the end of the meeting.

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

The minutes must faithfully record the meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceedings, and results of resolutions.

The minutes of shareholders' meeting shall be preserved for as long as the Company exists.

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

Article 16

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

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

Article 17

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

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

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

Article 18

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

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

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

Article 19

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

Appendix 10

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

No Stock distribution is proposed at this shareholders' meeting, and the Company is not required to disclose 2019 financial forecasts according to relevant laws and regulations. Hence, the Company is not required to disclose yearly forecast information.

Appendix 11

Shareholding of All Directors of the Company

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

Title	Name	Current shareholdings	
		Shares	Percentage
Chairman	Yancey Hai	984,067	0.04%
Vice Chairman	Mark Ko	837,630	0.03%
Director	Bruce CH Cheng	81,878,039	3.15%
Director	Ping Cheng	55,090,093	2.12%
Director	Simon Chang	903,811	0.03%
Director	Albert Chang	1,101,917	0.04%
Director	Victor Cheng	50,194,764	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		190,990,321	7.35%

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

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

Appendix 12

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

1. In accordance with Article 172-1 of the Company Act, the proposal accepting period of 2019 Annual General Shareholders' Meeting is from April 1, 2019 to April 11, 2019.
2. In the abovementioned period, no proposal from shareholders holding 1% or more of the total number of outstanding shares of the Company is proposed.