



**2020 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, 2020 at 10:00 a.m.**

**Place of the Meeting: Auditorium, 1F., No.268, Shanying Road, Shanding Village, Guishan District, Taoyuan City**

# Handbook for the 2020 Annual General Shareholders' Meeting of Delta Electronics, Inc.

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Note: The Company's 2019 Parent Company Only Financial Statements, 2019 Consolidated Financial Statements and 2020 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. 2020 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) 2019 Operation Results  
See Appendix 1: Business Report
  
- (2) 2019 Financial Results
  - a) PricewaterhouseCoopers CPA Audit Report (Parent Company Only Financial Statements)  
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  - b) Parent Company Only Balance Sheet as of December 31, 2019  
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See Appendix 3: Consolidated Statement of Changes in Equity
  - j) Consolidated Cash Flow Statement (January 1, 2019~December 31, 2019)  
See Appendix 3: Consolidated Cash Flow Statement
  
- (3) Audit Committee's Review Opinions on 2019 Annual Final Accounting Books and Statements  
See Appendix 4: Audit Committee's Review Opinions on 2019 annual final accounting books and statements

(4) Report on 2019 Employees' and Directors' Compensation

The Company's annual profit in 2019 is NT\$26,998,203,229, of which 6.5% is allocated as the employees' compensation in cash totaling NT\$1,763,122,221 and 0.11% is allocated as the directors' compensation totaling NT\$29,400,000.

## 2. Proposal Items

- (1) Adoption of the 2019 Annual Final Accounting Books and Statements  
(Proposed by the Board of Directors)

Explanation:

- a) This Company's 2019 Annual Final Accounting Books and Statements, including the Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements (please refer to Appendix 1~3) had been resolved by the Board and Directors and reviewed by the Company's Audit Committee, of which the Parent Company Only Financial Statements and the Consolidated Financial Statements had been audited by CPA, Lin, Yu-Kuan and CPA, Chou, Chien-Hung from PricewaterhouseCoopers, Taiwan. The Company's Audit Committee has found no discrepancies after a thorough review and has made a written review report.
- b) It is proposed by the Board of Directors to submit the 2019 Annual Final Accounting Books and Statements to the shareholders' meeting for adoption.

- (2) Adoption of the 2019 Earnings Distribution  
(Proposed by the Board of Directors)

Explanation:

- a) The 2019 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 10, 2020.
- b) The Board of Director proposed to set aside NT\$12,987,716,645 for cash dividends. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of NT\$ 5 per share will be distributed. The Board of Directors authorized the Chairman subject to the approval of Annual General Shareholders' Meeting to set a record date on which the proposed cash dividend would be distributed according to the shareholding ratio of shareholders appeared in the register of shareholders on the designated record date of distribution. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and exercise of employee stock options), it is proposed that the Chairman be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

- c) It is proposed by the Board of Directors to submit the 2019 Earnings Distribution to the shareholders' meeting for adoption.

Delta Electronics, Inc.  
2019 Earnings Distribution Table

Item	Description	Unit: NT\$ Amount
Net profit after tax for the year 2019		23,117,797,365
Subtract: Setting aside 10% legal reserve		2,311,779,737
Setting aside special reserves		61,001,914
Earnings available for distribution by the end of 2019		20,745,015,714
Add: Retained earnings in the beginning of 2019		17,880,189,488
Adjustment amount on initial application of IFRS 16		1,943,082
Subtract: Actuarial losses on defined benefit plan in 2019		255,787,328
Loss on disposal of financial assets at fair value through other comprehensive income in 2019		635,781,524
Earnings available for distribution by the end of the fiscal year (Note 1)		37,735,579,432
Distribution Items:		
Shareholders' dividends - Cash	NT\$5.0 per share	12,987,716,645
Undistributed earnings by the end of 2019		24,747,862,787

(Note 1) The principle of 2019 earnings distribution: earnings available for distribution by the end of the fiscal year shall be distributed first.

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

Chairman: Yancey Hai

Manager: Ping Cheng

Chief Accounting Officer: Judy Wang

### 3. Discussion Items

- (1) Discussion of the Amendments to the Shareholders' Meeting Rules and Procedures  
(Proposed by the Board of Directors)

Explanation:

- a) It is proposed to amend certain provisions of the Shareholders' Meeting Rules and Procedures in order to comply with the amendments to the "Sample Template for XX Co., Ltd. Rules of Procedure for Shareholders Meetings Regulations Governing Shareholders' Meeting Rules and Procedures" announced by the Taiwan Stock Exchange and take practical operation into consideration. Please see the comparison table of revised articles of the Shareholders' Meeting Rules and Procedures for the detailed revisions.
- b) The proposed amendments are submitted for discussion.

#### Comparison Table of Revised Articles of the Shareholders' Meeting Rules and Procedures

Article	Article after revision	Article before revision	Explanation
Article3	<p>The Company's shareholders' meeting shall be convened by the Board of Directors unless applicable laws and regulations provide otherwise.</p> <p>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 <u>(including independent directors)</u>, 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</p>	<p>The Company's shareholders' meeting shall be convened by the Board of Directors unless applicable laws and regulations provide otherwise.</p> <p>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</p>	<p>Amendments are made to comply with the Article 172 and 172-1 of the Company Act and the regulation numbered 10702417500 announced on August 6<sup>th</sup>, 2018.</p>

Article	Article after revision	Article before revision	Explanation
	<p>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 <u>professional stock affairs agency appointed by the Company</u> and shall be distributed at the shareholders' meeting.</p> <p>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.</p> <p>The election or discharge of directors (<u>including independent directors</u>), the amendment of this Company's Articles of Incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of the release from non-competition restrictions on directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares</u>, the dissolution, merger, or spin-off of the Company, or the matters specified in Article 185, Paragraph 1 of the Company Law shall be listed among the reasons for the meeting and <u>the essential contents shall be explained in the notice to convene a meeting of shareholders</u>, and may not be proposed as <u>extemporary</u> motions;</p>	<p>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 <u>its stock affairs agency</u> and shall be distributed at the shareholders' meeting.</p> <p>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.</p> <p>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, <u>or Article 26-1 or Article 43-6 of the Securities and Exchange Law</u> shall be listed among the reasons for the meeting, and may not be proposed as <u>provisional</u> motions.</p>	

Article	Article after revision	Article before revision	Explanation
	<p><u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company , and such website shall be indicated in the said notice.</u></p> <p><u>When a subject of election of directors (including independent directors) and the date on which the elected person assumed office be listed and described in the notice to convene a meeting of shareholder, the date on which the elected person assumed office cannot be changed either by the way of extemporary motions or by any other method in the said meeting after the election in the meeting of shareholders.</u></p> <p><u>Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</u></p> <p><u>Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the</u></p>		

Article	Article after revision	Article before revision	Explanation
	<p><u>place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.</u></p> <p><u>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.</u></p> <p><u>The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.</u></p>		
<b>Article 4-1</b>	<p><u>When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence when voting rights are exercised by correspondence or electronic means,</u></p>	<p><u>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</u></p>	<p>Amendments are made to cooperate with FSC's announcement in 2018 that TWSE/TPEX Listed Companies</p>

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	<p><u>the method of exercise shall be specified in the shareholders meeting notice.</u> 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. <u>It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.</u></p>	<p>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.</p>	<p>shall adopt electronic voting in shareholders' meetings.</p>
<p><b>Article 7</b></p>	<p>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, <u>a proxy may be designated in accordance with Article 208 of the Company Act.</u></p> <p>In the event that a director presides at a shareholders' meeting on the chairman's behalf pursuant to the above paragraph, such director shall have held office for at least six months and shall be familiar with the financial and business condition of the Company. The same requirements shall apply when a representative of a juristic-person director presides at a shareholders' meeting.</p> <p>More than one-half of the directors should attend the shareholders' meeting <u>and the chairman of the board should chair the meeting in person and at least one member of each functional</u></p>	<p>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, <u>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.</u></p> <p>In the event that a <u>managing director or</u> a director presides at a shareholders' meeting on the Chairman's behalf</p>	<p>Amendments are made to comply with the Article 6 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Article	Article after revision	Article before revision	Explanation
	<p><u>committee(s) attend the meeting on behalf of the committee(s) if that meeting has been convened by the Board of Directors. The attendance shall be recorded in the meeting minutes.</u></p> <p>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.</p> <p>This Company may appoint designated legal counsel, CPA, or relevant persons to attend the shareholders' meeting.</p>	<p>pursuant to the above paragraph, such <u>managing director or director</u> 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.</p> <p>More than one-half of the directors should attend the shareholders' meeting if that meeting has been convened by the Board of Directors.</p> <p>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.</p> <p>This Company may appoint designated legal counsel, CPA, or relevant persons to attend the shareholders' meeting.</p>	
<b>Article 9</b>	<p>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 <u>plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p> <p>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</p>	<p>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.</p> <p>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</p>	<p>Amendments are made to comply with the Article 9 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>

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	<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	
<b>Article 10</b>	The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors.	The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors.	Amendments are made to cooperate with FSC's

Article	Article after revision	Article before revision	Explanation
	<p><u>For each proposal (including extemporaneous motions and amendments to original proposals), it should be followed by a poll of the shareholders.</u></p> <p>Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda.</p> <p>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.</p> <p>Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including <u>extemporaneous</u> 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.</p> <p>The chairman must provide sufficient time for the explanation and discussion of all items on the agenda and amendments and <u>extemporaneous</u> 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 <u>and the chairman should designate sufficient time for a vote.</u></p>	<p>Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda.</p> <p>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.</p> <p>Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including <u>provisional</u> 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.</p> <p>The chairman must provide sufficient time for the explanation and discussion of all items on the agenda and amendments and <u>provisional</u> 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.</p>	<p>announcement in 2018 that TWSE/TPEX Listed Companies shall adopt electronic voting and adopt a poll for each proposal in shareholders' meetings.</p>
<b>Article 11</b>	When a shareholder attending the	When a shareholder attending the	Amendments are

Article	Article after revision	Article before revision	Explanation
	<p>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.</p> <p>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.</p> <p><u>Shareholders attending the meeting may raise questions in the section of report items in the agenda only after the chairman or the designated personnel has completed the presentation. The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed three minutes.</u></p> <p><u>The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed three minutes, when shareholders raise questions in the section of proposal items and discussion items in the agenda and items proposed in the section of extemporary motions.</u></p> <p><u>The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed three minutes when shareholders raise enquiries and opinion expressions in the section of extemporary motions.</u></p> <p>The chairman may stop the speech of</p>	<p>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.</p> <p>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.</p> <p><u>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.</u></p> <p><u>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.</u> The chairman may stop the speech of any shareholder who violates the above provision or exceeds the scope of the agenda item.</p> <p>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.</p> <p>When a legal-entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for each agenda item.</p> <p>The chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.</p>	<p>made due to practical requirement.</p>

Article	Article after revision	Article before revision	Explanation
	<p>any shareholder who violates the above provision or exceeds the scope of the agenda item <u>or make the meeting out of order.</u></p> <p>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.</p> <p>When a legal-entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for each agenda item.</p> <p>The chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.</p>		
<b>Article 13</b>	<p>Each shareholder is entitled to one vote for each share held <u>except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</u></p> <p>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. <u>At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of</u></p>	<p>Each shareholder is entitled to one vote for each share held. <u>The above provision shall not apply to those persons whose voting rights are restricted or who have no voting right. According to Article 197-1 of the Company Law, if the number of shares pledged by a director at any time exceeds half of the total shares held by such director at the time of his appointment, such pledged shares exceeding half of the total shares held by such director at the time of his appointment, up to half of the total number of shares held by the director at the time of his appointment, shall not carry any voting right and such above threshold shares shall not be counted in determining the number of votes of the shareholders present at a general meeting.</u></p>	<p>Amendments are made to comply with the Article 7 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Article	Article after revision	Article before revision	Explanation
	<p><u>votes for and against and the number of abstentions, shall be entered into the Market Observation Post System.</u></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p><u>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.</u></p> <p>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.</p> <p>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.</p> <p>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.</p>	
<b>Article 14</b>	<p>If the election of directors (<u>including independent directors</u>) is conducted at a shareholders' meeting, such an election shall be performed in</p>	<p>If the election of directors is conducted at a shareholders' meeting, such an election shall be performed in accordance with the Company's</p>	<p>Amendments are made to comply with the Article 14 of the Sample</p>

Article	Article after revision	Article before revision	Explanation
	<p>accordance with the Company's Director Election Regulations, and the results including the list of elected directors <u>(including independent directors)</u> and the number of votes casted must be announced at the meeting.</p> <p>The ballots cast in the election in the foregoing paragraph <u>shall be sealed with the signatures of the monitoring personnel and</u> 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.</p>	<p>Director Election Regulations, and the results including the list of elected directors and the number of votes casted must be announced at the meeting.</p> <p>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.</p>	<p>Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p><b>Article 15</b></p>	<p>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.</p> <p>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.</p> <p>The minutes must faithfully record the meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceedings, and results of the resolution <u>and voting (including the statistical tallies of the numbers of votes). When there is a proposal of election of directors (including independent directors), the voting results to each candidate shall be disclosed.</u> The minutes of shareholders' meeting shall be preserved for as long as the Company</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p><u>"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</u></p>	<p>Amendments are made to adopt a poll for each proposal in shareholders' meetings.</p>

Article	Article after revision	Article before revision	Explanation
	exists.	<u>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.</u>	

(2) Discussion of the Release from Non-competition Restrictions on Directors  
(Proposed by the Board of Directors)

Explanation:

- a) According to Article 209 of the Company Act, a director who conducts business within the business scope of the Company for himself or others shall explain at the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.
- b) As certain directors 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
Mark Ko	Delta Electronics (Thailand) Public Company Limited	Director
Ping Cheng	Delta Electronics (Thailand) Public Company Limited	Director
Ping Cheng	Boom Treasure Limited	Director
Ping Cheng	Drake Investment (HK) Limited	Director

Voting and Resolution for each of the Proposal and Discussion Items

**4. Extemporaneous Motions**

**Meeting Adjourn.**

## Appendix 1

### Business Report

In 2019, the world economy remained affected by the US-China trade war and overall market demand declined, which caused economic uncertainties and weakened overall investor confidence. Despite difficulties and challenges in the business environment, Delta achieved growth in terms of annual revenue and gross profit, thanks to all of Delta's team members' collective efforts. Delta's consolidated revenue in 2019 was NT\$268.1 billion, a 13% increase from the previous year; gross profit was NT\$74.5 billion; and gross profit margin was 27.8%, 17% higher than the previous year. The net operating profit was NT\$19.4 billion, with a net operating profit margin of 7.2% that increased by 7% compared to the previous year. Net income after tax was NT\$23.1 billion, with a net after-tax profit margin of 8.6%, which showed an increase of 27% compared to the previous year. In 2019, Delta's earnings per share (EPS) was NT\$8.90, and return on equity (ROE) ratio was 17.10%.

In order to strengthen global production and sales deployment, as well as increase sales locations, improve manufacturing and shipping flexibility, and reduce operational risks due to the international trade war, Delta has obtained a majority shareholdings in Delta Electronics (Thailand) Public Company Limited (DET), a listed company in Thailand, since April 2019 and has adjusted its production lines. In line with its business growth, Delta plans to increase investments in Thailand and India in the future to supply local markets and implement despersion manufacturing. These initiatives would help Delta become more flexible in coping with changes in the international market, get a head start on a competitive business environment, and further expand its global business footprint.

Here is a summary of Delta's performance in various business fields in 2019 and future prospects:

#### **Power Electronics**

Delta has prospered greatly from the results of its business development in power electronics over the years. Not only is it the world's leader in power supplies, brushless DC fans, and miniaturized key components, but it has also been recognized as the "ENERGY STAR Partner of the Year" by the U.S. Environmental Protection Agency for four consecutive years. In addition, Delta has received the "Sustained Excellence Award" for two consecutive years. To be nominated by the U.S. Environmental Protection Agency is quite a feat since companies must achieve ENERGY STAR Partner of the Year long-term. This award recognizes the excellent energy-saving features of the Delta's Breez ventilation fans. Moreover, it recognizes Delta's long-term commitment to improving energy efficiency.

Delta has been involved in automobile electronics for over a decade. Delta collaborated with the U.S. Department of Energy to explore wide-band gap-based bi-directional on-board charger modules in 2017, which enable vehicle-to-load capabilities. Delta's performance in the electronic vehicle industry is also recognized by the world's leading car manufacturer, Fiat Chrysler Automobiles (FCA). Delta was presented the "2019 Powertrain Supplier of the Year" award in Detroit, USA, which highlights its close collaboration with FCA.

The power electronics business has contributed to Delta's revenue and profits for many years. In the future, Delta plans to continuously innovate based on its solid foundation in power electronics and control technology, as well as provide more energy-saving and intelligent products, while fulfilling its corporate mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow."

## **Automation**

Delta has developed its industrial automation business for more than 20 years. From providing high quality and high-efficiency automation equipment in the early stages to developing and manufacturing highly intelligent products such as industrial robots, robotic visual systems, PLCs, CNC motion control, and others, Delta has been helping customers in the automotive industry with a variety of visualized control platforms and factory management systems, including Manufacturing Execution Systems (MES). In 2019, Delta provided an integrated solution for wireless communication applications, control, and drives for CNC machine tool manufacturers by connecting their warehouse systems and production line equipment. Delta also provided machine industry customers a visualized system platform and machine solutions by connecting all machining equipment for immediate collection, monitoring, and analysis of data.

To ensure a high degree of competitiveness in intelligent manufacturing and to improve Delta's manufacturing quality while satisfying customers' various needs, Delta began a series of in-house intelligent transformation projects starting with product research and development design (first stage), followed by assessment and trial production (second stage), and production planning (final stage). Delta introduced around 1300 intelligent automation devices to China's production base in 2019, which reduced direct labor by 16% compared to that of 2018. In terms of its overall intelligent transformation, Delta has included 80% of its China production lines in the Company's intelligent manufacturing plans as of 2019.

Building automation is one of Delta's long-term strategies for business development. In addition to Delta Controls, Loytec, and Vivotek Inc., in 2019 Delta acquired Amerlux, a high-end commercial lighting solutions provider in North America. With the said acquisition, Delta is set to accelerate the process of developing smart buildings and providing solutions for sustainable cities, further expanding its global business footprint in building automation.

With the impact of the US-China trade war, the Chinese automation market remained stagnant in 2019. However, given the rigid market demand due to improving industrial structure and intelligent manufacturing, we believe that Delta's automation business will continue to be a main source of growth for the Company in the long-term.

## **Infrastructure**

With the rapid development of global internet services and cloud computing, there has been an increasing need for big data applications, which drives dynamic infrastructure related to data center construction. In 2019, Delta collaborated with Alibaba to launch a "Panama Power Solution" with a high voltage DC power supply. Compared with the traditional data center, panama power subverts the traditional IDC power supply structure. Delta creatively infuses the circuit and magnetic circuit, changing medium voltage 10KV AC directly to 240V DC without the traditional multiple repeaters that introduce medium voltage to direct current, thus completing the power supply in one step with higher efficiency and reliability. Delta saves on the amount of equipment and construction required by up to 40%, improves power supply efficiency of the data center by 3%, and reduces the total investment cost of power supplies by 20%.

Global telecommunication operators are actively preparing networks for the coming of 5G mobile communication. Delta's communication power systems yield 98% energy conversion efficiency and reduce the cost of energy consumption by 12%. Delta's lithium batteries that are charged at night and discharged during the day can be used to save electricity or cut peak power. Delta's power supply and lithium battery products with IP65 protection level can reduce construction time by 70%, support fast miniaturization for 5G, and meet flexible expansion requirements in the future.

In terms of infrastructure, there is a consistent growing demand for distributed energy equipment. Delta provides a variety of infrastructure solutions using innovative technology that helps cities and transportation systems achieve their low-carbon energy transformations. In 2019, Delta provided a complete energy storage system solution for Mitsubishi Heavy Industries Engine & Turbocharger, Ltd. (MHIET), a company under Mitsubishi Heavy Industries, Ltd. The system is currently used in the triple-power demonstration power station of MHIET's factory in Sagami-hara City, Kanagawa Prefecture, Japan. Delta has achieved a lower cost for its distribution system through a combination of three types of power: renewable energy, reciprocating generators, and storage batteries for stabilizing the volatile output of renewable energy.

At Delta, we care not only about developing new business and new technologies, but also about managing our company in accordance with Environmental, Social, and Governance (ESG) standards, and we appointed a Chief Sustainability Officer in 2019. Delta has been listed in the "Dow Jones Sustainability™ World Index" for nine consecutive years. We were also recognized as an industry leader for the fourth time in 2019 and acknowledged by CDP in 2016, 2017, and 2019 for the Climate Change Program. In addition, Delta was included in Forbes Magazine's Global 2000, FTSE4Good TIP Taiwan ESG Index, and MSCI Taiwan ESG Leaders Index in 2019. Delta also received the top "CSR Corporate Citizen Award" from Commonwealth Magazine, earned eight major recognitions in 2019 Taiwan Corporate Sustainability Awards, and the world-class 2019 Global Corporate Sustainability award. Delta has been listed as one of Taiwan's top 20 international brands for nine consecutive years. Delta's brand value increased by 12% compared to that of 2018, which indicates its growing strength as a major industrial brand among other nominees.

Over the years, Delta has moved forward with a clear and stable long-term strategic vision, backed by the hardworking team amid a changing and challenging global environment.

We thank all of our loyal clients, shareholders and partners for their continued support. Our management team continues to work alongside our colleagues towards achieving our goals. While pursuing its operational performance objectives and profit goals, Delta is also invested in corporate social responsibility, making it an internationally-respected company that employees can truly be proud of.

Chairman	Yancey Hai
Manager	Ping Cheng
Chief Account Officer	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, 2019 and 2018, 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, 2019 and 2018, 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. 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

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

#### Description

In April 2019, the subsidiary of the Company publicly acquired 42.85% of Delta Electronics (Thailand) Public Company Limited through a tender offer and obtained control over it. Such business acquisition was recognised as investment accounted for under equity method in the balance sheet.

As the allocation of goodwill and the net fair value of identifiable assets and liabilities are based on management's assessment and involve accounting estimations and assumptions, we consider the above 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 reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Company. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and 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 at December 31, 2019, the recognised goodwill as a result of investment of Delta Electronics (Thailand) Public Company Limited, Cynotec Co., Ltd., Eltek AS, Delta Controls Inc., Loy Tec electronics GmbH and Delta Greentech (China) Co., Ltd. is material. Refer to Note 5 for accounting estimates of impairment assessment of investments accounted for under equity method and the uncertainty of assumptions.

As the balance of investment accounted for under equity method is material, the valuation model

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

How our audit addressed the matter

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

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

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

We did not audit the financial statements of certain investments accounted for under equity method and information on investees disclosed in Note 13. These investments accounted for under equity method amounted to NT\$24,269,195 thousand and NT\$14,483,106 thousand, constituting 12.03% and 8.18% of total assets as at December 31, 2019 and 2018, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method was NT\$1,677,887 thousand and NT\$454,932 thousand, constituting 7.57% and 2.42% 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 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. as at and for the year ended December 31, 2019 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$29.98 to US\$1.00 at December 31, 2019. 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 10, 2020

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

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

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2018
<b>Current assets</b>				
Cash and cash equivalents	6(1)	\$ 21,519	\$ 645,136	\$ 239,908
Financial assets at fair value through profit or loss - current	6(2)	-	-	22,360
Financial assets at fair value through other comprehensive income - current	6(3)	10,668	319,823	57,656
Contract assets - current	6(16)	24,542	735,763	880,554
Notes receivable, net	6(4)	2,118	63,493	69,639
Accounts receivable, net	6(4)	148,344	4,447,348	5,359,056
Accounts receivable - related parties	7	165,420	4,959,305	2,789,163
Other receivables		3,268	97,967	168,173
Other receivables - related parties	7	15,223	456,383	637,076
Inventories	6(5)	119,375	3,578,871	1,665,641
Prepayments		35,721	1,070,916	802,753
Other current assets	8	<u>5,684</u>	<u>170,407</u>	<u>95,328</u>
<b>Total current assets</b>		<u>551,882</u>	<u>16,545,412</u>	<u>12,787,307</u>
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss - non-current	6(2)	1,441	43,198	52,231
Financial assets at fair value through other comprehensive income - non-current	6(3)	42,027	1,259,966	1,728,446
Investments accounted for under equity method	6(6)	5,379,463	161,276,288	145,811,850
Property, plant and equipment	6(7) and 7	660,233	19,793,789	14,686,584
Right-of-use assets	6(8)	17,536	525,718	-
Intangible assets	6(9)	33,642	1,008,581	944,431
Deferred income tax assets	6(22)	19,426	582,385	478,295
Other non-current assets	6(10)	<u>25,643</u>	<u>768,814</u>	<u>543,054</u>
<b>Total non-current assets</b>		<u>6,179,411</u>	<u>185,258,739</u>	<u>164,244,891</u>
<b>Total assets</b>		<u>\$ 6,731,293</u>	<u>\$ 201,804,151</u>	<u>\$ 177,032,198</u>

(Continued)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2018
<b>Current liabilities</b>				
Contract liabilities - current	6(16)	\$ 15,487	\$ 464,306	\$ 426,796
Accounts payable		80,386	2,409,962	1,118,938
Accounts payable - related parties	7	257,703	7,725,925	7,642,622
Other payables		352,395	10,564,812	8,889,975
Other payables - related parties	7	9,633	288,794	325,534
Current income tax liabilities		17,339	519,822	943,811
Other current liabilities		20,534	615,625	644,159
<b>Total current liabilities</b>		<u>753,477</u>	<u>22,589,246</u>	<u>19,991,835</u>
<b>Non-current liabilities</b>				
Long-term borrowings	6(11)	900,434	26,995,000	17,398,000
Deferred income tax liabilities	6(22)	316,249	9,481,142	7,378,875
Lease liabilities - non-current		15,270	457,795	-
Other non-current liabilities	6(12)	70,850	2,124,091	1,992,329
<b>Total non-current liabilities</b>		<u>1,302,803</u>	<u>39,058,028</u>	<u>26,769,204</u>
<b>Total liabilities</b>		<u>2,056,280</u>	<u>61,647,274</u>	<u>46,761,039</u>
<b>Equity</b>				
<b>Share capital</b>				
Share capital - common stock	6(13)	866,425	25,975,433	25,975,433
<b>Capital surplus</b>				
Capital surplus	6(14)	1,637,870	49,103,331	48,397,067
<b>Retained earnings</b>				
Legal reserve	6(15)	834,915	25,030,754	23,211,444
Special reserve		252,203	7,561,032	7,088,143
Unappropriated retained earnings		1,337,837	40,108,361	33,160,104
<b>Other equity interest</b>				
Other equity interest		( 254,237)	( 7,622,034)	( 7,561,032)
<b>Total equity</b>		<u>4,675,013</u>	<u>140,156,877</u>	<u>130,271,159</u>
<b>Significant contingent liabilities and unrecorded contract commitments</b>	9			
<b>Significant subsequent events</b>	11			
<b>Total liabilities and equity</b>		<u>\$ 6,731,293</u>	<u>\$ 201,804,151</u>	<u>\$ 177,032,198</u>

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

Items	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2018	2018
<b>Sales revenue</b>	6(16) and 7	\$ 1,599,255	\$ 47,945,673	\$ 38,948,885	
<b>Operating costs</b>	6(5)(20) (21)and 7	( 1,053,873)	( 31,595,117)	( 26,413,103)	
<b>Gross Profit</b>		<u>545,382</u>	<u>16,350,556</u>	<u>12,535,782</u>	
<b>Operating expenses</b>	6(20)(21)				
Selling expenses		( 36,999)	( 1,109,232)	( 680,375)	
General and administrative expenses		( 90,289)	( 2,706,854)	( 2,004,916)	
Research and development expenses		( 363,916)	( 10,910,222)	( 8,412,595)	
Expected credit impairment loss	12(2)	( 487)	( 14,602)	-	
<b>Total operating expenses</b>		<u>( 491,691)</u>	<u>( 14,740,910)</u>	<u>( 11,097,886)</u>	
<b>Operating profit</b>		<u>53,691</u>	<u>1,609,646</u>	<u>1,437,896</u>	
<b>Non-operating income and expenses</b>					
Other income	6(17)	30,315	908,836	752,831	
Other gains and losses	6(18)	68,537	2,054,748	54,240	
Finance costs	6(19)	( 4,431)	( 132,833)	( 83,854)	
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	692,313	20,755,540	16,210,468	
<b>Total non-operating income and expenses</b>		<u>786,734</u>	<u>23,586,291</u>	<u>16,933,685</u>	
<b>Profit before income tax</b>		<u>840,425</u>	<u>25,195,937</u>	<u>18,371,581</u>	
Income tax expense	6(22)	( 69,318)	( 2,078,140)	( 178,488)	
<b>Profit for the year</b>		<u>\$ 771,107</u>	<u>\$ 23,117,797</u>	<u>\$ 18,193,093</u>	
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
Gain (loss) on remeasurements of defined benefit plans	6(12)	( \$ 1,015)	( \$ 30,435)	( \$ 81,177)	
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	6,180	185,277	( 1,157,722)	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		( 7,226)	( 216,636)	380,450	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	203	6,088	( 61,235)	
<b>Other comprehensive income (loss) that will not be reclassified to profit or loss</b>		<u>( 1,858)</u>	<u>( 55,706)</u>	<u>( 919,684)</u>	
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
Financial statements translation differences of foreign operations		( 95,459)	( 2,861,873)	3,284,960	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		83,127	2,492,140	( 1,787,299)	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(22)	( 17,583)	( 527,130)	42,768	
<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>		<u>( 29,915)</u>	<u>( 896,863)</u>	<u>1,540,429</u>	
<b>Other comprehensive income (loss) for the year</b>		<u>( \$ 31,773)</u>	<u>( \$ 952,569)</u>	<u>\$ 620,745</u>	
<b>Total comprehensive income for the year</b>		<u>\$ 739,334</u>	<u>\$ 22,165,228</u>	<u>\$ 18,813,838</u>	
<b>Earnings per share</b>					
Basic earnings per share	6(23)	\$ 0.30	\$ 8.90	\$ 7.00	
Diluted earnings per share	6(23)	\$ 0.30	\$ 8.85	\$ 6.96	

Items	Notes	Retained earnings					Other equity interest					Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	
<b>2018 New Taiwan Dollars</b>												
Balance at January 1, 2018		\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	(\$ 5,911,839)	\$ -	(\$ 1,256,841)	\$ 80,537	\$ -	\$ 124,556,969
Effects of retrospective application and retrospective restatement		-	-	-	-	1,118,916	-	(2,375,757)	1,256,841	(80,537)	80,537	-
Balance after retrospective restatement at January 1, 2018		25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	(5,911,839)	(2,375,757)	-	-	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	6(15)	-	-	1,838,056	-	(1,838,056)	-	-	-	-	-	-
Legal reserve		-	-	1,838,056	-	(1,838,056)	-	-	-	-	-	-
Special reserve		-	-	-	4,320,394	(4,320,394)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		(49,251)	-	-	-	(62,680)	-	-	-	-	-	(111,931)
Disposal of equity investment 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
<b>2019 New Taiwan Dollars</b>												
Balance at January 1, 2019		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	(\$ 4,422,025)	(\$ 3,270,159)	\$ -	\$ -	\$ 131,152	\$ 130,271,159
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	1,943	-	-	-	-	-	1,943
Balance after retrospective restatement at January 1, 2019		25,975,433	48,397,067	23,211,444	7,088,143	33,162,047	(4,422,025)	(3,270,159)	-	-	131,152	130,273,102
Profit for the year		-	-	-	-	23,117,797	-	-	-	-	-	23,117,797
Other comprehensive income (loss) for the year		-	-	-	-	(255,785)	(912,967)	200,079	-	-	16,104	(952,569)
Comprehensive income (loss) for the year		-	-	-	-	22,862,012	(912,967)	200,079	-	-	16,104	22,165,228
Distribution of 2018 earnings	6(15)	-	-	1,819,310	-	(1,819,310)	-	-	-	-	-	-
Legal reserve		-	-	1,819,310	-	(1,819,310)	-	-	-	-	-	-
Special reserve		-	-	-	472,889	(472,889)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	34,941	-	-	-	-	-	-	-	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	671,323	-	-	-	-	-	-	-	-	671,323
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(635,782)	-	635,782	-	-	-	-
Balance at December 31, 2019		\$ 25,975,433	\$ 49,103,331	\$ 25,030,754	\$ 7,561,032	\$ 40,108,361	(\$ 5,334,992)	(\$ 2,434,298)	\$ -	\$ -	\$ 147,256	\$ 140,156,877

(Continued)

Items	Notes	Retained earnings					Other equity interest					Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured 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	
<u>2019 US Dollars</u>												
Balance at January 1, 2019		\$ 866,425	\$ 1,614,312	\$ 774,231	\$ 236,429	\$ 1,106,074	(\$ 147,499)	(\$ 109,078)	\$ -	\$ -	\$ 4,375	\$ 4,345,269
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	65	-	-	-	-	-	65
Balance after retrospective restatement at January 1, 2019		<u>866,425</u>	<u>1,614,312</u>	<u>774,231</u>	<u>236,429</u>	<u>1,106,139</u>	<u>(\$ 147,499)</u>	<u>(\$ 109,078)</u>	<u>-</u>	<u>-</u>	<u>4,375</u>	<u>4,345,334</u>
Profit for the year		-	-	-	-	771,107	-	-	-	-	-	771,107
Other comprehensive income (loss) for the year		-	-	-	-	(8,531)	(30,453)	6,674	-	-	537	(31,773)
Comprehensive income (loss) for the year		-	-	-	-	<u>762,576</u>	<u>(30,453)</u>	<u>6,674</u>	<u>-</u>	<u>-</u>	<u>537</u>	<u>739,334</u>
Distribution of 2018 earnings	6(15)	-	-	60,684	-	(60,684)	-	-	-	-	-	-
Legal reserve		-	-	-	-	(15,774)	-	-	-	-	-	-
Special reserve		-	-	-	-	(433,213)	-	-	-	-	-	(433,213)
Cash dividends		-	1,166	-	-	-	-	-	-	-	-	1,166
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	22,392	-	-	-	-	-	-	-	-	22,392
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(21,207)	-	21,207	-	-	-	-
Balance at December 31, 2019		<u>\$ 866,425</u>	<u>\$ 1,637,870</u>	<u>\$ 834,915</u>	<u>\$ 252,203</u>	<u>\$ 1,337,837</u>	<u>(\$ 177,952)</u>	<u>(\$ 81,197)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,912</u>	<u>\$ 4,675,013</u>

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

	Notes	US Dollars	New Taiwan Dollars	
		2019	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax for the year		\$ 840,425	\$ 25,195,937	\$ 18,371,581
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(7)(8)(20)	47,097	1,411,957	976,968
Amortization	6(9)(20)	14,965	448,662	275,642
Expected credit impairment loss	12(2)	487	14,602	-
Interest expense	6(19)	4,431	132,833	83,854
Interest income	6(17)	( 571 )	( 17,125 )	( 16,269 )
Dividend income	6(17)	( 1,859 )	( 55,722 )	( 74,305 )
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)			
		( 692,313 )	( 20,755,540 )	( 16,210,468 )
Net loss on financial assets at fair value through profit or loss	6(2)(18)	141	4,241	14,014
Loss (gain) on disposal of property, plant and equipment	6(18)	45	1,361	( 16,705 )
Gain on disposal of investments	6(18)	( 70,490 )	( 2,113,283 )	-
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets mandatorily measured at fair value through profit or loss		906	27,152	55,662
Contract assets		4,830	144,791	293,169
Notes receivable		205	6,146	151,489
Accounts receivable		84,968	2,547,349	( 780,022 )
Accounts receivable - related parties	(	( 72,386 )	( 2,170,142 )	( 738,175 )
Other receivables		8,514	255,243	( 112,342 )
Other receivables - related parties		6,027	180,693	82,216
Inventories	(	( 16,851 )	( 505,188 )	( 338,308 )
Prepayments	(	( 7,954 )	( 238,464 )	( 92,714 )
Other current assets	(	( 2,501 )	( 74,976 )	45,302
Other non-current assets	(	( 2,166 )	( 64,930 )	( 124,105 )
Net changes in liabilities relating to operating activities				
Contract liabilities		277	8,303	( 91,513 )
Accounts payable	(	( 5,862 )	( 175,745 )	222,411
Accounts payable - related parties		2,779	83,303	1,085,684
Other payables		23,163	694,436	72,932
Other payables - related parties	(	( 1,225 )	( 36,740 )	( 58,211 )
Other current liabilities	(	( 12,457 )	( 373,450 )	138,452
Other non-current liabilities		7,624	228,549	( 101,279 )
Cash inflow generated from operations		160,249	4,804,253	3,114,960
Interest received		566	16,979	16,408
Dividends received		206,811	6,200,189	4,047,045
Interest paid	(	( 4,225 )	( 126,667 )	( 80,093 )
Income taxes paid	(	( 33,735 )	( 1,011,371 )	( 220,470 )
Net cash flows from operating activities		329,666	9,883,383	6,877,850

(Continued)

	Notes	US Dollars	New Taiwan Dollars	
		2019	2019	2018
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Acquisition of financial assets at fair value through other comprehensive income		(\$ 373)	(\$ 11,190)	(\$ 245,356)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	13,435	402,780	733
Acquisition of investments accounted for under equity method		( 10,324 )	( 309,510 )	( 447,595 )
Proceeds from capital reduction of investments accounted for under equity method		-	-	2,106,870
Proceeds from capital withdrawal from liquidation of subsidiaries		1,556	46,642	-
Acquisition of property, plant and equipment	6(7)	( 203,820 )	( 6,110,524 )	( 4,041,549 )
Proceeds from disposal of property, plant and equipment		929	27,859	228,995
Acquisition of intangible assets	6(9)	( 16,891 )	( 506,394 )	( 418,812 )
Increase in prepayments for business facilities		( 4,462 )	( 133,758 )	( 193,344 )
Decrease in cash surrender value of life insurance		228	6,827	8,415
(Increase) decrease in refundable deposits		( 69 )	( 2,066 )	20,298
Cash inflow due to business combinations	6(24)	<u>14,852</u>	<u>445,267</u>	<u>6,105</u>
Net cash flows used in investing activities		<u>( 204,939 )</u>	<u>( 6,144,067 )</u>	<u>( 2,975,240 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Repayments of short-term borrowings	6(25)	-	-	( 45,000 )
Proceeds from long-term debt	6(25)	320,113	9,597,000	6,822,000
Increase in guarantee deposit received		4,088	122,570	-
Lease principal repayment		( 2,198 )	( 65,941 )	-
Cash dividends paid	6(15)	<u>( 433,213 )</u>	<u>( 12,987,717 )</u>	<u>( 12,987,717 )</u>
Net cash flows used in financing activities		<u>( 111,210 )</u>	<u>( 3,334,088 )</u>	<u>( 6,210,717 )</u>
Net increase (decrease) in cash and cash equivalents		13,517	405,228	( 2,308,107 )
Cash and cash equivalents at beginning of year		<u>8,002</u>	<u>239,908</u>	<u>2,548,015</u>
Cash and cash equivalents at end of year		<u>\$ 21,519</u>	<u>\$ 645,136</u>	<u>\$ 239,908</u>

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

## Appendix 3

### 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, 2019 and 2018, 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, 2019 and 2018, 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 of the current period. 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:

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

#### Description

In April 2019, the Group publicly acquired 42.85% of Delta Electronics (Thailand) Public Company Limited through a tender offer and obtained control over the Company. The value of intangible assets, inclusive of goodwill and identifiable intangible assets-premium on customer relationship, etc., acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, "Business Combination". For details of purchase price allocation, refer to Note 6(30).

As the allocation of goodwill and the net fair value of identifiable assets and liabilities are based on management's estimation and involve accounting estimations and assumptions, we consider the above 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 reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Group. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and 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 at December 31, 2019, the recognised goodwill as a result of acquisitions of Delta Electronics (Thailand) Public Company Limited, Eltek AS, Cynotec Co., Ltd., Delta Controls Inc., Delta Greentech (China) Co., Ltd. and Loy Tec electronics GmbH amounted to NT\$51,555,322 thousand, constituting 16.58% of consolidated total assets. Refer to Notes 5(2) and 6(12) for details.

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

### How our audit addressed the matter

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

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

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

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under equity method that are included in the consolidated financial statements. Total assets of the subsidiaries amounted to NT\$56,952,036 thousand and NT\$9,917,275 thousand, constituting 18.31% and 3.79% of consolidated total assets as at December 31, 2019 and 2018, respectively, and operating revenue was NT\$45,582,501 thousand and NT\$10,568,370 thousand, constituting 17.00% and 4.46% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method was NT\$0 thousand and NT\$8,154,777 thousand, constituting 0% and 3.11% of consolidated total assets as at December 31, 2019 and 2018, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method was NT\$429,060 thousand and NT\$204,169 thousand, constituting 1.80% and 1.06% 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, 2019 and 2018.

### ***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 at and for the year ended December 31, 2019 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$29.98 to US\$1.00 at December 31, 2019. 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 Financial Supervisory Commission.

Lin, Yu-Kuan      Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2020

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

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

Assets	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2018	December 31, 2018
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 1,466,311	\$ 43,960,001	\$ 59,618,697	
Financial assets at fair value through profit or loss - current	6(2)	37,440	1,122,458	1,000,116	
Financial assets at fair value through other comprehensive income - current	6(3)	10,668	319,823	57,656	
Contract assets - current		36,274	1,087,489	1,708,291	
Notes receivable, net	6(5)	127,306	3,816,628	4,091,231	
Accounts receivable, net	6(5)	1,766,348	52,955,106	52,053,496	
Accounts receivable - related parties	7	8,794	263,644	1,722,114	
Other receivables		49,354	1,479,625	757,008	
Other receivables - related parties	7	18	532	99,389	
Current income tax assets		12,430	372,654	293,394	
Inventories	6(7)	1,311,422	39,316,423	34,301,866	
Prepayments		80,078	2,400,734	1,151,065	
Other current assets	8	15,445	463,074	451,583	
<b>Total current assets</b>		<b>4,921,888</b>	<b>147,558,191</b>	<b>157,305,906</b>	
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss - non-current	6(2)	74,224	2,225,239	2,392,799	
Financial assets at fair value through other comprehensive income - non-current	6(3)	59,950	1,797,301	2,920,338	
Contract assets - non-current		10,151	304,338	495,875	
Investments accounted for under equity method	6(8)	37,989	1,138,920	9,393,716	
Property, plant and equipment	6(9) and 8	2,121,113	63,590,981	46,428,874	
Right-of-use assets	6(10)	103,864	3,113,833	-	
Investment property, net	6(11)	469	14,070	1,644,728	
Intangible assets	6(12)	2,749,588	82,432,653	32,628,388	
Deferred income tax assets	6(27)	222,795	6,679,405	6,179,485	
Other non-current assets	6(13) and 8	72,795	2,182,359	2,545,315	
<b>Total non-current assets</b>		<b>5,452,938</b>	<b>163,479,099</b>	<b>104,629,518</b>	
<b>Total assets</b>		<b>\$ 10,374,826</b>	<b>\$ 311,037,290</b>	<b>\$ 261,935,424</b>	

(Continued)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2018
<b>Current liabilities</b>				
Short-term borrowings	6(14)	\$ 252,700	\$ 7,575,932	\$ 6,259,062
Financial liabilities at fair value through profit or loss - current	6(2)	531	15,929	8,544
Contract liabilities - current	6(21)	111,815	3,352,208	2,643,318
Notes payable		723	21,669	7,955
Accounts payable		1,316,827	39,478,462	39,016,773
Accounts payable - related parties	7	1,074	32,197	1,484,335
Other payables		961,620	28,829,379	24,786,588
Current income tax liabilities		72,951	2,187,076	2,712,106
Other current liabilities	6(15)	141,204	4,233,308	3,710,299
<b>Total current liabilities</b>		<u>2,859,445</u>	<u>85,726,160</u>	<u>80,628,980</u>
<b>Non-current liabilities</b>				
Long-term borrowings	6(15)	925,578	27,748,839	25,232,787
Deferred income tax liabilities	6(27)	467,274	14,008,861	11,569,432
Lease liabilities - non-current		47,407	1,421,265	-
Other non-current liabilities	6(16)	259,430	7,777,723	5,043,317
<b>Total non-current liabilities</b>		<u>1,699,689</u>	<u>50,956,688</u>	<u>41,845,536</u>
<b>Total liabilities</b>		<u>4,559,134</u>	<u>136,682,848</u>	<u>122,474,516</u>
<b>Equity</b>				
<b>Share capital</b>				
Share capital - common stock	6(17)	866,425	25,975,433	25,975,433
<b>Capital surplus</b>				
Capital surplus	6(18)	1,637,870	49,103,331	48,397,067
<b>Retained earnings</b>				
Legal reserve	6(19)	834,915	25,030,754	23,211,444
Special reserve		252,203	7,561,032	7,088,143
Unappropriated retained earnings		1,337,837	40,108,361	33,160,104
<b>Other equity interest</b>				
Other equity interest		( 254,237 )	( 7,622,034 )	( 7,561,032 )
<b>Equity attributable to owners of the parent</b>		4,675,013	140,156,877	130,271,159
<b>Non-controlling interest</b>				
	4(3) and 6(20)	1,140,679	34,197,565	9,189,749
<b>Total equity</b>		<u>5,815,692</u>	<u>174,354,442</u>	<u>139,460,908</u>
<b>Significant contingent liabilities and unrecorded contract commitments</b>				
	9			
<b>Significant subsequent events</b>				
	11			
<b>Total liabilities and equity</b>		<u>\$ 10,374,826</u>	<u>\$ 311,037,290</u>	<u>\$ 261,935,424</u>

Items	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2018	2018
<b>Sales revenue</b>	6(21) and 7	\$ 8,943,676	\$ 268,131,397	\$ 237,017,809	
<b>Operating costs</b>	6(7)(25) (26) and 7	( 6,458,815 )	( 193,635,252 )	( 173,463,422 )	
<b>Gross profit</b>		<u>2,484,861</u>	<u>74,496,145</u>	<u>63,554,387</u>	
<b>Operating expenses</b>	6(25)(26)				
Selling expenses		( 661,682 )	( 19,837,224 )	( 16,553,772 )	
General and administrative expenses		( 380,864 )	( 11,418,313 )	( 9,714,466 )	
Research and development expenses		( 796,794 )	( 23,887,886 )	( 19,257,915 )	
Expected credit impairment gain	12(2)	<u>1,870</u>	<u>56,068</u>	<u>138,489</u>	
<b>Total operating expenses</b>		<u>( 1,837,470 )</u>	<u>( 55,087,355 )</u>	<u>( 45,387,664 )</u>	
<b>Operating profit</b>		<u>647,391</u>	<u>19,408,790</u>	<u>18,166,723</u>	
<b>Non-operating income and expenses</b>					
Other income	6(22)	134,662	4,037,166	4,373,591	
Other gains and losses	6(23)	210,288	6,304,445	( 134,572 )	
Finance costs	6(24)	( 24,611 )	( 737,869 )	( 548,704 )	
Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>4,732</u>	<u>141,877</u>	<u>943,990</u>	
<b>Total non-operating income and expenses</b>		<u>325,071</u>	<u>9,745,619</u>	<u>4,634,305</u>	
<b>Profit before income tax</b>		972,462	29,154,409	22,801,028	
Income tax expense	6(27)	( 174,338 )	( 5,226,653 )	( 4,152,444 )	
<b>Profit for the year</b>		<u>\$ 798,124</u>	<u>\$ 23,927,756</u>	<u>\$ 18,648,584</u>	

(Continued)

Items	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2018	2018
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
Gain (loss) on remeasurements of defined benefit plans		(\$ 11,220)	(\$ 336,375)	(\$ 34,508)	
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	6,674	200,079	( 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		550	16,500	15,249	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	203	6,088	( 61,234)	
<b>Other comprehensive income (loss) that will not be reclassified to profit or loss</b>		<u>( 3,793)</u>	<u>( 113,708)</u>	<u>( 900,801)</u>	
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
Financial statements translation differences of foreign operations		( 98,697)	( 2,958,933)	2,184,566	
Gain on hedging instrument		90	2,700	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		117,914	3,535,054	( 771,659)	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(27)	( 17,583)	( 527,130)	42,768	
<b>Other comprehensive income that will be reclassified to profit or loss</b>		<u>1,724</u>	<u>51,691</u>	<u>1,502,837</u>	
<b>Other comprehensive income (loss) for the year</b>		<u>(\$ 2,069)</u>	<u>(\$ 62,017)</u>	<u>\$ 602,036</u>	
<b>Total comprehensive income for the year</b>		<u>\$ 796,055</u>	<u>\$ 23,865,739</u>	<u>\$ 19,250,620</u>	
<b>Profit attributable to:</b>					
Owners of the parent		<u>\$ 771,107</u>	<u>\$ 23,117,797</u>	<u>\$ 18,193,093</u>	
Non-controlling interest		<u>\$ 27,017</u>	<u>\$ 809,959</u>	<u>\$ 455,491</u>	
<b>Comprehensive income attributable to:</b>					
Owners of the parent		<u>\$ 739,334</u>	<u>\$ 22,165,228</u>	<u>\$ 18,813,838</u>	
Non-controlling interest		<u>\$ 56,721</u>	<u>\$ 1,700,511</u>	<u>\$ 436,782</u>	
<b>Earnings per share</b>					
<b>Basic earnings per share</b>	6(28)	<u>\$ 0.30</u>	<u>\$ 8.90</u>	<u>\$ 7.00</u>	
<b>Diluted earnings per share</b>	6(28)	<u>\$ 0.30</u>	<u>\$ 8.85</u>	<u>\$ 6.96</u>	

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

		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 measured 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 interest	Total equity
<b>2018 New Taiwan Dollars</b>														
Balance at January 1, 2018		\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	(\$ 5,911,839)	\$ -	(\$ 1,256,841)	\$ 80,537	\$ -	\$ 124,556,969	\$ 9,216,505	\$ 133,773,474
Effects of retrospective application and retrospective restatement		-	-	-	-	1,118,916	-	( 2,375,757)	1,256,841	( 80,537)	80,537	-	-	-
Balance after retrospective restatement at January 1, 2018		25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	( 5,911,839)	( 2,375,757)	-	-	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(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
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)
Changes in ownership interests in subsidiaries		-	( 49,251)	-	-	( 62,680)	-	-	-	-	-	( 111,931)	-	( 111,931)
Changes in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	-	-	-	( 463,538)	( 463,538)
Disposal of equity investments 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
<b>2019 New Taiwan Dollars</b>														
Balance at January 1, 2019		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	(\$ 4,422,025)	( \$ 3,270,159)	\$ -	\$ -	\$ 131,152	\$ 130,271,159	\$ 9,189,749	\$ 139,460,908
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	1,943	-	-	-	-	-	1,943	-	1,943
Balance after retrospective restatement at January 1, 2019		25,975,433	48,397,067	23,211,444	7,088,143	33,162,047	( 4,422,025)	( 3,270,159)	-	-	131,152	130,273,102	9,189,749	139,462,851
Profit for the year		-	-	-	-	23,117,797	-	-	-	-	-	23,117,797	809,959	23,927,756
Other comprehensive income (loss) for the year		-	-	-	-	( 255,785)	( 912,967)	200,079	-	-	16,104	( 952,569)	890,552	( 62,017)
Comprehensive income (loss) for the year		-	-	-	-	22,862,012	( 912,967)	200,079	-	-	16,104	22,165,228	1,700,511	23,865,739
Distribution of 2018 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	1,819,310	-	( 1,819,310)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	472,889	( 472,889)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 12,987,717)	-	-	-	-	-	( 12,987,717)	-	( 12,987,717)
Changes in ownership interests in subsidiaries		-	34,941	-	-	-	-	-	-	-	-	34,941	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(31)	-	671,323	-	-	-	-	-	-	-	-	671,323	( 4,947,661)	( 4,276,338)
Changes in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	-	-	-	28,254,966	28,254,966
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	( 635,782)	-	635,782	-	-	-	-	-	-
Balance at December 31, 2019		\$ 25,975,433	\$ 49,103,331	\$ 25,030,754	\$ 7,561,032	\$ 40,108,361	(\$ 5,334,992)	( \$ 2,434,298)	\$ -	\$ -	\$ 147,256	\$ 140,156,877	\$ 34,197,565	\$ 174,354,442

(Continued)

		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 measured 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 interest	Total equity
<u>2019 US Dollars</u>														
Balance at January 1, 2019		\$ 866,425	\$ 1,614,312	\$ 774,231	\$ 236,429	\$ 1,106,074	(\$ 147,499)	(\$ 109,078)	\$ -	\$ -	\$ 4,375	\$ 4,345,269	\$ 306,529	\$ 4,651,798
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	65	-	-	-	-	-	65	-	65
Balance after retrospective restatement at January 1, 2019		866,425	1,614,312	774,231	236,429	1,106,139	(147,499)	(109,078)	-	-	4,375	4,345,334	306,529	4,651,863
Profit for the year		-	-	-	-	771,107	-	-	-	-	-	771,107	27,017	798,124
Other comprehensive income (loss) for the year		-	-	-	-	(8,531)	(30,453)	6,674	-	537	(31,773)	29,704	(2,069)	
Comprehensive income (loss) for the year		-	-	-	-	762,576	(30,453)	6,674	-	537	739,334	56,721	796,055	
Distribution of 2018 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	60,684	-	(60,684)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	15,774	(15,774)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(433,213)	-	-	-	-	(433,213)	-	(433,213)	
Changes in ownership interests in subsidiaries		-	1,166	-	-	-	-	-	-	-	1,166	-	1,166	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(31)	-	22,392	-	-	-	-	-	-	-	22,392	(165,032)	(142,640)	
Changes in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	-	-	942,461	942,461	
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(21,207)	-	21,207	-	-	-	-	-	
Balance at December 31, 2019		\$ 866,425	\$ 1,637,870	\$ 834,915	\$ 252,203	\$ 1,337,837	(\$ 177,952)	(\$ 81,197)	\$ -	\$ -	\$ 4,912	\$ 4,675,013	\$ 1,140,679	\$ 5,815,692

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

	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2018	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Consolidated profit before tax for the year		\$ 972,462	\$ 29,154,409	\$ 22,801,028	
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)(11)				
	(25)	363,996	10,912,594	8,939,275	
Amortization	6(12)(25)	102,497	3,072,851	2,203,617	
Expected credit impairment gain	12(2)	( 1,870 )	( 56,068 )	( 138,489 )	
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(23)	( 12,207 )	( 365,965 )	( 202,545 )	
Interest expense	6(24)	24,408	731,745	545,804	
Interest income	6(22)	( 29,571 )	( 886,537 )	( 851,185 )	
Dividend income	6(22)	( 9,416 )	( 282,302 )	( 181,942 )	
Share-based payments	6(29)	1,373	41,176	( 5,282 )	
Share of profit of associates accounted for under equity method	6(8)	( 4,732 )	( 141,877 )	( 943,990 )	
Loss (gain) on disposal of property, plant and equipment	6(23)	1,883	56,441	( 274,921 )	
Gain on disposal of investments	6(23)	( 200,197 )	( 6,001,894 )	-	
Reversal of impairment loss on non-financial assets	6(23)	( 3,009 )	( 90,215 )	-	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		9,470	283,898	240,966	
Contract assets		27,096	812,339	( 533,977 )	
Notes receivable		9,160	274,603	( 80,786 )	
Accounts receivable		277,066	8,306,424	( 3,501,951 )	
Accounts receivable - related parties		94,511	2,833,432	( 402,645 )	
Other receivables	(	3,890 )	( 116,634 )	( 42,452 )	
Other receivables - related parties		3,632	108,894	( 29,208 )	
Inventories		188,188	5,641,877	( 3,476,464 )	
Prepayments	(	10,740 )	( 321,976 )	580,341	
Other current assets	(	11 )	( 328 )	240,631	
Other non-current assets		4,348	130,389	50,370	
Net changes in operating liabilities relating to operating activities					
Contract liabilities		23,645	708,890	949,545	
Notes payable		457	13,714	( 1,837 )	
Accounts payable	(	224,254 )	( 6,723,132 )	2,307,949	
Accounts payable - related parties	(	79,424 )	( 2,381,143 )	278,138	
Other payables	(	4,269 )	( 127,974 )	( 422,895 )	
Other current liabilities	(	22,669 )	( 679,602 )	( 1,828,485 )	
Other non-current liabilities		22,765	682,490	821,714	
Cash inflow generated from operations		1,520,698	45,590,519	27,445,414	
Interest received		31,427	942,187	781,652	
Dividends received		9,416	282,302	714,031	
Interest paid	(	24,323 )	( 729,218 )	( 536,989 )	
Income taxes paid	(	139,260 )	( 4,175,022 )	( 4,732,398 )	
Net cash flows from operating activities		1,397,958	41,910,768	23,671,710	

(Continued)

	Notes	US Dollars	New Taiwan Dollars	
		2019	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of financial assets at fair value through other comprehensive income		( \$ 373 )	( \$ 11,190 )	( \$ 439,188 )
Disposal of financial assets at fair value through other comprehensive income	6(3)	37,187	1,114,871	733
Acquisition of investments accounted for under equity method		( 405 )	( 12,154 )	( 210,950 )
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(30)	( 801,135 )	( 24,018,015 )	-
Acquisition of property, plant and equipment	6(9)	( 562,581 )	( 16,866,186 )	( 11,340,871 )
Proceeds from disposal of property, plant and equipment		15,763	472,561	676,924
Acquisition of investment properties		-	-	( 15,448 )
Disposal of investment properties		-	-	38
Acquisition of intangible assets	6(12)	( 22,247 )	( 666,967 )	( 503,457 )
(Increase) decrease in other financial assets		( 1,714 )	( 51,359 )	4,820
(Increase) decrease in other non-current assets		( 16,327 )	( 489,479 )	151,465
Net cash flows used in investing activities		( 1,351,832 )	( 40,527,918 )	( 11,675,934 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in short-term borrowings	6(32)	43,925	1,316,870	( 11,204,447 )
Proceeds from long-term debt	6(32)	80,316	2,407,888	14,138,799
Lease principal repayment		( 19,555 )	( 586,249 )	-
Cash dividends paid	6(19)	( 433,213 )	( 12,987,717 )	( 12,987,717 )
Cash dividends paid to minority share interests	6(20)	( 77,391 )	( 2,320,171 )	( 369,183 )
Acquisition of ownership interests in subsidiaries	6(20)(31)	( 142,638 )	( 4,276,338 )	( 94,355 )
Net cash flows used in financing activities		( 548,556 )	( 16,445,717 )	( 10,516,903 )
Effects due to changes in exchange rate		( 19,875 )	( 595,829 )	773,207
Net (decrease) increase in cash and cash equivalents		( 522,305 )	( 15,658,696 )	2,252,080
Cash and cash equivalents at beginning of year		1,988,616	59,618,697	57,366,617
Cash and cash equivalents at end of year		\$ 1,466,311	\$ 43,960,001	\$ 59,618,697

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

## Appendix 4

### **Audit Committee's Review Report**

To: The 2020 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 2019 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 10, 2020

## **Appendix 5**

### **Delta Electronics, Inc. Shareholders' Meeting Rules and Procedures**

Passed by general shareholders' meeting on March 19, 1988

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

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

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

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

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

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

#### **Article 1**

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

#### **Article 2**

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

#### **Article 3**

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

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

review at any time 15 days in advance of the shareholders' meeting and these documents shall be displayed at the Company and its stock affairs agency and shall be distributed at the shareholders' meeting.

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

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

#### **Article 4**

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

Each shareholder may submit one proxy form, and may appoint only one person to serve as a proxy. Proxy forms must be delivered to the Company at least five days before each shareholder's meeting. If multiple proxy letters are delivered, the first shall take precedence; however, if the shareholder has made a statement to cancel a prior proxy appointment, the preceding sentence shall not apply.

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

#### **Article 4-1**

A shareholder could exercise his voting right in writing or by way of electronic transmission at the shareholders' meeting convened by the Company. A shareholder who exercised his voting right in writing or by way of electronic transmission shall be deemed

to have attended the shareholders' meeting in person but shall be deemed to have waived his voting right in respect of any extemporary motions and amendments to the original proposals at the shareholders' meeting.

#### **Article 4-2**

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

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

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

#### **Article 5**

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

#### **Article 6**

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

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

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

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

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

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

#### **Article 7**

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

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

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

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

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

### **Article 8**

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

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

### **Article 9**

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

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

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

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

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

#### **Article 10**

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

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

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

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

#### **Article 11**

When a shareholder attending the meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of

attendance card) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches.

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

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

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

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

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

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

## **Article 12**

Voting at a shareholders' meeting shall be based on number of shares.

The shares of shareholders with no voting rights shall not be included in the total number of issued and outstanding shares when voting on resolutions.

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

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

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

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

### **Article 13**

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

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

**Section I - General Provisions**

**Article 1**

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

**Article 2**

The Company is engaged in the following businesses:

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

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

66. F209060 Education, musical instruments and entertainment articles retail business;
67. F213010 Electrical appliances retail business;
68. F213030 Computer and office appliances and equipment retail business;
69. F213050 Retail Sale of Metrological Instruments;
70. F213060 Telecommunication equipment retail business;
71. F213110 Retail sale of batteries;
72. F217010 Retail sale of fire fighting equipments;
73. F218010 Computer software retail business;
74. F219010 Electronic components and materials retail business;
75. F399040 Non-store retail business;
76. F401010 International trade business;
77. F401021 Restricted telecommunication radio frequency equipment and materials import business;
78. F401181 Measuring instrument importing business;
79. F601010 Intellectual property business;
80. G801010 Warehousing and storage business;
81. I103060 Management consulting services business;
82. I199990 Other Consultancy
83. I301010 Software design and service business;
84. I301020 Data processing services business;
85. I301030 Digital information supply services business;
86. I401010 General advertising service business;
87. I501010 Product external appearance designing business;
88. I599990 Other design business;
89. IG02010 Research development service business;
90. IG03010 Energy technical services business;
91. IZ03010 Newspaper clipping business;
92. IZ04010 Translation business;
93. IZ10010 Typesetting business;
94. IZ13010 Network authentication service business;
95. IZ99990 Other industry and commerce services not elsewhere classified;
96. J303010 Magazines (journals) publishing business;
97. J304010 Books publishing business;
98. J305010 Audio publishing business;
99. J399010 Software publishing business;
100. J399990 Other publishing business;
101. J701070 Computer Recreational Activities;
102. JE01010 Rental and leasing business;
103. ZZ99999 All businesses that are not prohibited or restricted by laws and regulations other than those requiring special permits.

### **Article 3**

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

### **Article 4**

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

### **Article 4-1**

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

## **Section II - Capital Stock**

### **Article 5**

The total capital stock of the Company shall be in the amount of NT\$40,000,000,000, divided into 4,000,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of the Board of Directors. Within the aforementioned capital, NT\$1,000,000,000 divided into 100,000,000 shares shall be reserved for issuing warrants, preferred shares with warrants or corporate bonds with warrants.

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

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

### **Article 5-1**

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

## **Article 5-2**

Deleted

## **Article 6**

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

## **Article 6-1**

Deleted

## **Article 7**

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

## **Article 8**

Deleted

## **Article 9**

Deleted

## **Article 10**

Deleted

## **Article 11**

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

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

## **Article 12**

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

## **Article 13**

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

### **Article 13-1**

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

## **Article 14**

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

## **Article 15**

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

## **Article 16**

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

## **Article 17**

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

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

## **Section IV - Directors**

### **Article 18**

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

To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least three independent directors, and the number of independent directors shall be no less than one-fifth of the total number of the directors. The directors (including independent directors) shall be elected from among the nominees listed in the roster of director candidates pursuant to the candidates nomination system in Article 192-1 of the Company Law. Compliance matters with respect to independent directors shall

be subject to the regulations prescribed by the Company Law and the securities authority.

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

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

The Company may purchase liability insurance for its directors.

#### **Article 18-1**

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

#### **Article 19**

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

#### **Article 20**

Deleted.

#### **Article 21**

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

## **Article 21-1**

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

## **Article 22**

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

## **Article 22-1**

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

## **Article 23**

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

## **Article 24**

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

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

**Article 25**

Deleted

**Section V - Officers and Staffers**

**Article 26**

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

**Article 27**

Deleted

**Article 28**

Deleted

**Section VI - Finalization of Accounts**

**Article 29**

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

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

### **Article 30**

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

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

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

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

## **Section VII - Supplementary Provisions**

### **Article 31**

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

## **Article 32**

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

## **Article 33**

These Articles of Incorporation were enacted on July 28, 1975.  
The first amendment was made on September 25, 1976;  
The second amendment was made on January 10, 1977;  
The third amendment was made on May 31, 1977;  
The fourth amendment was made on May 29, 1978;  
The fifth amendment was made on March 31, 1979;  
The sixth amendment was made on May 28, 1979;  
The seventh amendment was made on September 20, 1980;  
The eighth amendment was made on September 9, 1982;  
The ninth amendment was made on April 20, 1983;  
The tenth amendment was made on June 25, 1984;  
The eleventh amendment was made on June 10, 1985;  
The twelfth amendment was made on June 20, 1985;  
The thirteenth amendment was made on July 12, 1985;  
The fourteenth amendment was made on April 18, 1987;  
The fifteenth amendment was made on May 12, 1987;  
The sixteenth amendment was made on November 17, 1987;  
The seventeenth amendment was made on December 11, 1987;  
The eighteenth amendment was made on March 19, 1988;  
The nineteenth amendment was made on May 12, 1988;  
The twentieth amendment was made on July 24, 1988;  
The twenty-first amendment was made on November 25, 1988;  
The twenty-second amendment was made on May 22, 1989;  
The twenty-third amendment was made on May 9, 1990;  
The twenty-fourth amendment was made on May 8, 1991;  
The twenty-fifth amendment was made on May 8, 1992;  
The twenty-sixth amendment was made on May 8, 1993;  
The twenty-seventh amendment was made on May 9, 1994;  
The twenty-eighth amendment was made on May 10, 1995;  
The twenty-ninth amendment was made on June 6, 1996;  
The thirtieth amendment was made on June 3, 1997;  
The thirty-first amendment was made on May 15, 1998;  
The thirty-second amendment was made on May 12, 1999;  
The thirty-third amendment was made on May 18, 2000;  
The thirty-fourth amendment was made on May 16, 2001;  
The thirty-fifth amendment was made on May 16, 2002;  
The thirty-sixth amendment was made on May 6, 2003;  
The thirty-seventh amendment was made on May 18, 2004;  
The thirty-eighth amendment was made on May 19, 2005;  
The thirty-ninth amendment was made on May 18, 2006;  
The fortieth amendment was made on June 8, 2007;  
The forty-first amendment was made on June 13, 2008;  
The forty-second amendment was made on June 10, 2009;

The forty-third amendment was made on June 15, 2010;  
The forty-fourth amendment was made on June 24, 2011;  
The forty-five amendment was made on June 19, 2012;  
The forty-Six amendment was made on June 7, 2013;  
The forty-seventh amendment was made on June 10, 2014;  
The forty-eighth amendment was made on June 10, 2015;  
The forty-night amendment was made on June 8, 2016.  
The fifty amendment was made on June 11, 2018.

## Appendix 7

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

No bonus share distribution is proposed at this shareholders' meeting, and the Company is not required to disclose 2020 financial forecasts according to relevant laws and regulations. Hence, the Company is not required to disclose yearly forecast information.

## Appendix 8

### 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	55,640,093	2.14%
Director	Simon Chang	903,811	0.03%
Director	Albert Chang	1,101,917	0.04%
Director	Victor Cheng	50,344,764	1.94%
Independent director	Tsong-Pyng Perng	0	0.00%
Independent director	Yung-Chin Chen	0	0.00%
Independent director	George Chao	0	0.00%
Independent director	Ji-Ren Lee	0	0.00%
Shareholdings of all directors		191,690,321	7.37%

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

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

## Appendix 9

### **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 2020 Annual General Shareholders' Meeting is from March 27, 2020 to April 6, 2020.
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.