

Delta Electronics, Inc. ("Company")
Minutes of 2018 Annual General Shareholders' Meeting
(Translation)

Time: 10:00 AM, June 11, 2018

Place: Conference Room at 2nd floor, no. 18, XinLong Road, Taoyuan District, Taoyuan City

Quorum: 2,270,229,011 shares were represented by the shareholders and proxies present, which amounted to 87.39% of the Company's 2,597,543,329 issued and outstanding shares.

Board Members Present: Bruce CH Cheng, Yancey Hai, Mark Ko, Ping Chen, Simon Chang, Yung-Chin Chen (Independent Director), Tsong-Pyng Perng (Independent Director), George Chao (Independent Director) and Ji-Ren Lee (Independent Director). 9 members of the Board of Directors (including 4 Independent Directors) are present.

Attendance: Ms. Lin, Yu-Kuan, and Mr. Chou, Chien-Hung, CPA, PricewaterhouseCoopers
Mr. James Chen, Attorneys-at-Law, Lee and Li

Chairman: Yancey Hai, Chairman of the Board of Directors

Recorder: YiChun Chen

Commencement: (The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.)

Salute according to the etiquette

Chairman's speech: (omitted)

I. Report Items

1. 2017 Operation Results (Please see Appendix 1)
2. 2017 Financial Results (Please see Appendix 2 and 3)
3. Audit Committee's Review Opinions on 2017 annual final accounting books and statements (Please see Appendix 4)
4. Report on 2017 Employees' and Directors' Compensation

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

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

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

II. Proposal Items

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

Explanation:

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

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,270,484,011 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,035,585,547, among which 1,323,011,271 was exercised by electronic transmission, the number of voting rights for rejection is 1,916,931, the number of invalid votes is 0, the number of voting rights for abstention is 232,981,533, and 89.65% of the total voting rights voted for approval when votes were cast).

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

Explanation:

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

Delta Electronics, Inc.
2017 Earnings Distribution Table

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

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

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

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,270,484,011 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,040,488,535, among which 1,327,914,259 was exercised by electronic transmission, the number of voting rights for rejection is 240,850, the number of invalid votes is 0, the number of voting rights for abstention is 229,754,626, and 89.87% of the total voting rights voted for approval when votes were cast).

III. Discussion Items

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

Explanation:

- 1) In order to accommodate the Company's business practice, it is proposed to amend certain provisions of the Articles of Incorporation. Please see the comparison table of revised articles of the Articles of Incorporation for the detailed revisions.
- 2) The proposed amendments are submitted for discussion.

Comparison Table of Revised Articles of the Articles of Incorporation

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

<p><u>10.</u> CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing;</p> <p><u>11.</u> CC01040 Lighting Facilities Manufacturing;</p> <p><u>12.</u> CC01060 Wired Communication Equipment and Apparatus Manufacturing;</p> <p><u>13.</u> CC01070 Telecommunication Equipment and Apparatus Manufacturing;</p> <p><u>14.</u> CC01080 Electronic Parts and Components Manufacturing;</p> <p><u>15.</u> CC01090 Batteries Manufacturing;</p> <p><u>16.</u> CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing;</p> <p><u>17.</u> CC01110 Computers and Computing Peripheral Equipments Manufacturing;</p> <p><u>18.</u> CC01120 Data Storage Media Manufacturing and Duplicating;</p> <p><u>19.</u> CC01990 Electrical Machinery, Supplies Manufacturing;</p> <p><u>20.</u> CD01010 Ship and Parts Manufacturing;</p> <p><u>21.</u> CD01020 Tramway Cars Manufacturing;</p> <p><u>22.</u> CD01030 Automobiles and Parts Manufacturing;</p> <p><u>23.</u> CD01040 Motor Vehicles and Parts Manufacturing;</p> <p><u>24.</u> CD01050 Bicycles and Parts Manufacturing;</p> <p><u>25.</u> CD01060 Aircraft and Parts Manufacturing;</p> <p><u>26.</u> CD01990 Other Transport Equipment and Parts Manufacturing;</p>	<p><u>13.</u> CB01990 Other Machinery Manufacturing Not Elsewhere Classified;</p> <p><u>14.</u> CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing;</p> <p><u>15.</u> CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing;</p> <p><u>16.</u> CC01040 Lighting Facilities Manufacturing;</p> <p><u>17.</u> CC01060 Wired Communication Equipment and Apparatus Manufacturing;</p> <p><u>18.</u> CC01070 Telecommunication Equipment and Apparatus Manufacturing;</p> <p><u>19.</u> CC01080 Electronic Parts and Components Manufacturing;</p> <p><u>20.</u> CC01090 Batteries Manufacturing;</p> <p><u>21.</u> CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing;</p> <p><u>22.</u> CC01110 Computers and Computing Peripheral Equipments Manufacturing;</p> <p><u>23.</u> CC01120 Data Storage Media Manufacturing and Duplicating;</p> <p><u>24.</u> CC01990 Electrical Machinery, Supplies Manufacturing;</p> <p><u>25.</u> CD01010 Ship and Parts Manufacturing;</p> <p><u>26.</u> CD01020 Tramway Cars Manufacturing;</p> <p><u>27.</u> CD01030 Automobiles and Parts Manufacturing;</p> <p><u>28.</u> CD01040 Motor Vehicles and Parts</p>	
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<p><u>27.</u> CE01010 Precision Instruments Manufacturing;</p> <p><u>28.</u> CE01021 Metrological Instruments Manufacturing;</p> <p><u>29.</u> CE01030 Photographic and Optical Equipment Manufacturing;</p> <p><u>30.</u> CE01040 Watches and Clocks Manufacturing;</p> <p><u>31.</u> CE01990 Other Photographic and Optical Instruments Manufacturing;</p> <p><u>32.</u> CF01011 Medical Materials and Equipment Manufacturing</p> <p><u>33.</u> <u>CQ01010 Die Manufacturing;</u></p> <p><u>34.</u> E599010 Pipe Lines Construction;</p> <p><u>35.</u> E601010 Electric Appliance Construction;</p> <p><u>36.</u> E601020 Electric Appliance Installation;</p> <p><u>37.</u> E602011 Frozen and Air-conditioning Engineering;</p> <p><u>38.</u> E603010 Cables Construction;</p> <p><u>39.</u> E603040 Fire Fighting Equipments Construction;</p> <p><u>40.</u> E603050 Cybernation Equipments Construction;</p> <p><u>41.</u> E603090 Illumination Equipments Construction;</p> <p><u>42.</u> E604010 Machinery Installation Construction;</p> <p><u>43.</u> E605010 Computing Equipments Installation Construction;</p> <p><u>44.</u> <u>E701010 Telecommunications Construction;</u></p> <p><u>45.</u> E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction;</p> <p><u>46.</u> EZ05010 Apparatus Installation Construction;</p>	<p>Manufacturing;</p> <p><u>29.</u> CD01050 Bicycles and Parts Manufacturing;</p> <p><u>30.</u> CD01060 Aircraft and Parts Manufacturing;</p> <p><u>31.</u> CD01990 Other Transport Equipment and Parts Manufacturing;</p> <p><u>32.</u> CE01010 Precision Instruments Manufacturing;</p> <p><u>33.</u> CE01021 Metrological Instruments Manufacturing;</p> <p><u>34.</u> CE01030 Photographic and Optical Equipment Manufacturing;</p> <p><u>35.</u> CE01040 Watches and Clocks Manufacturing;</p> <p><u>36.</u> CE01990 Other Photographic and Optical Instruments Manufacturing;</p> <p><u>37.</u> CF01011 Medical Materials and Equipment Manufacturing</p> <p><u>38.</u> E599010 Pipe Lines Construction;</p> <p><u>39.</u> E601010 Electric Appliance Construction;</p> <p><u>40.</u> E601020 Electric Appliance Installation;</p> <p><u>41.</u> E602011 Frozen and Air-conditioning Engineering;</p> <p><u>42.</u> E603010 Cables Construction;</p> <p><u>43.</u> E603040 Fire Fighting Equipments Construction;</p> <p><u>44.</u> E603050 Cybernation Equipments Construction;</p> <p><u>45.</u> E603090 Illumination Equipments Construction;</p> <p><u>46.</u> E604010 Machinery Installation Construction;</p> <p><u>47.</u> E605010 Computing Equipments Installation Construction;</p> <p><u>48.</u> E701030 Restrained Telecom</p>	
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<p><u>47.</u> EZ14010 Sports Ground Equipments Construction;</p> <p><u>48.</u> F101130 Wholesale of Vegetable and Fruits;</p> <p><u>49.</u> <u>F106030 Wholesale of Die;</u></p> <p><u>50.</u> F106040 Wholesale of Water Containers;</p> <p><u>51.</u> F108031 Wholesale of Drugs, Medical Goods;</p> <p><u>52.</u> F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p><u>53.</u> F113010 Wholesale of Machinery;</p> <p><u>54.</u> F113020 Wholesale of Household Appliance;</p> <p><u>55.</u> F113030 Wholesale of Precision Instruments;</p> <p><u>56.</u> F113050 Wholesale of Computing and Business Machinery Equipment;</p> <p><u>57.</u> <u>F113060 Wholesale of Metrological Instruments;</u></p> <p><u>58.</u> F113070 Wholesale of Telecom Instruments;</p> <p><u>59.</u> F113110 Wholesale of Batteries;</p> <p><u>60.</u> F118010 Wholesale of Computer Software;</p> <p><u>61.</u> F119010 Wholesale of Electronic Materials;</p> <p><u>62.</u> F199990 Other Wholesale Trade;</p> <p><u>63.</u> F201010 Retail sale of Agricultural Products;</p> <p><u>64.</u> <u>F206030 Retail Sale of Die;</u></p> <p><u>65.</u> F208031 Retail sale of Medical Equipments;</p> <p><u>66.</u> F209060 Retail sale of Stationery Articles, Musical Instruments and Educational</p>	<p>Radio Frequency Equipments and Materials Construction;</p> <p><u>49.</u> EZ05010 Apparatus Installation Construction;</p> <p><u>50.</u> EZ14010 Sports Ground Equipments Construction;</p> <p><u>51.</u> <u>F101080 Wholesale of Seedling;</u></p> <p><u>52.</u> F101130 Wholesale of Vegetable and Fruits;</p> <p><u>53.</u> F106040 Wholesale of Water Containers;</p> <p><u>54.</u> F108031 Wholesale of Drugs, Medical Goods;</p> <p><u>55.</u> F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p><u>56.</u> F113010 Wholesale of Machinery;</p> <p><u>57.</u> F113020 Wholesale of Household Appliance;</p> <p><u>58.</u> F113030 Wholesale of Precision Instruments;</p> <p><u>59.</u> F113050 Wholesale of Computing and Business Machinery Equipment;</p> <p><u>60.</u> F113070 Wholesale of Telecom Instruments;</p> <p><u>61.</u> F113110 Wholesale of Batteries;</p> <p><u>62.</u> F118010 Wholesale of Computer Software;</p> <p><u>63.</u> F119010 Wholesale of Electronic Materials;</p> <p><u>64.</u> F199990 Other Wholesale Trade;</p> <p><u>65.</u> F201010 Retail sale of Agricultural Products;</p> <p><u>66.</u> <u>F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products;</u></p> <p><u>67.</u> F208031 Retail sale of Medical Equipments;</p>	
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<p>Entertainment Articles;</p> <p><u>67.</u> F213010 Retail Sale of Household Appliance;</p> <p><u>68.</u> F213030 Retail sale of Computing and Business Machinery Equipment;</p> <p><u>69.</u> <u>F213050 Retail Sale of Metrological Instruments;</u></p> <p><u>70.</u> F213060 Retail Sale of Telecom Instruments;</p> <p><u>71.</u> F213110 Retail Sale of Batteries;</p> <p><u>72.</u> F217010 Retail Sale of Fire Fighting Equipments;</p> <p><u>73.</u> F218010 Retail Sale of Computer Software;</p> <p><u>74.</u> F219010 Retail Sale of Electronic Materials;</p> <p><u>75.</u> F399040 Retail Business Without Shop;</p> <p><u>76.</u> F401010 International Trade;</p> <p><u>77.</u> F401021 Restrained Telecom Radio Frequency Equipments and Materials Import;</p> <p><u>78.</u> F401181 Metrological Instruments Importing;</p> <p><u>79.</u> F601010 Intellectual Property;</p> <p><u>80.</u> G801010 Warehousing and Storage;</p> <p><u>81.</u> I103060 Management Consulting Services;</p> <p><u>82.</u> I199990 Other Consultancy;</p> <p><u>83.</u> I301010 Software Design Services;</p> <p><u>84.</u> I301020 Data Processing Services;</p> <p><u>85.</u> I301030 Digital Information Supply Services;</p> <p><u>86.</u> I401010 General Advertising Services;</p> <p><u>87.</u> I501010 Product Designing;</p> <p><u>88.</u> I599990 Other Designing;</p> <p><u>89.</u> IG02010 Research Development Service;</p>	<p><u>68.</u> F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;</p> <p><u>69.</u> F213010 Retail Sale of Household Appliance;</p> <p><u>70.</u> F213030 Retail sale of Computing and Business Machinery Equipment;</p> <p><u>71.</u> F213060 Retail Sale of Telecom Instruments;</p> <p><u>72.</u> F213110 Retail Sale of Batteries;</p> <p><u>73.</u> F217010 Retail Sale of Fire Fighting Equipments;</p> <p><u>74.</u> F218010 Retail Sale of Computer Software;</p> <p><u>75.</u> F219010 Retail Sale of Electronic Materials;</p> <p><u>76.</u> F399040 Retail Business Without Shop;</p> <p><u>77.</u> F401010 International Trade;</p> <p><u>78.</u> F401021 Restrained Telecom Radio Frequency Equipments and Materials Import;</p> <p><u>79.</u> F401181 Metrological Instruments Importing;</p> <p><u>80.</u> F601010 Intellectual Property;</p> <p><u>81.</u> G801010 Warehousing and Storage;</p> <p><u>82.</u> <u>I101070 Agriculture, Forestry, Fishing and Animal Husbandry Consultancy;</u></p> <p><u>83.</u> I103060 Management Consulting Services;</p> <p><u>84.</u> I199990 Other Consultancy;</p> <p><u>85.</u> I301010 Software Design Services;</p> <p><u>86.</u> I301020 Data Processing Services;</p> <p><u>87.</u> I301030 Digital Information Supply Services;</p> <p><u>88.</u> I401010 General Advertising Services;</p>
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<p> <u>90.</u> IG03010 Energy Technical Services; <u>91.</u> IZ03010 Clipping Services; <u>92.</u> IZ04010 Translation Services; <u>93.</u> IZ10010 Typesetting Services; <u>94.</u> IZ13010 Internet Identify Services; <u>95.</u> IZ99990 Other Industry and Commerce Services Not Elsewhere Classified; <u>96.</u> J303010 Magazine and Periodical Publication; <u>97.</u> J304010 Book Publishers; <u>98.</u> J305010 Audio Tape and Record Publishers; <u>99.</u> J399010 Software Publication ; <u>100.</u> J399990 Other Publishers Not Elsewhere Classified; <u>101.</u> J701070 Computer Recreational Activities; <u>102.</u> JE01010 Rental and Leasing Business; <u>103.</u> ZZ99999 In Addition To The Permitted Business, The Business Is Not Prohibited Or Restricted. </p>	<p> <u>89.</u> I501010 Product Designing; <u>90.</u> I599990 Other Designing; <u>91.</u> IG02010 Research Development Service; <u>92.</u> IG03010 Energy Technical Services; <u>93.</u> IZ03010 Clipping Services; <u>94.</u> IZ04010 Translation Services; <u>95.</u> IZ10010 Typesetting Services; <u>96.</u> IZ13010 Internet Identify Services; <u>97.</u> IZ99990 Other Industry and Commerce Services Not Elsewhere Classified; <u>98.</u> J303010 Magazine and Periodical Publication; <u>99.</u> J304010 Book Publishers; <u>100.</u> J305010 Audio Tape and Record Publishers; <u>101.</u> J399010 Software Publication ; <u>102.</u> J399990 Other Publishers Not Elsewhere Classified; <u>103.</u> J701070 Computer Recreational Activities; <u>104.</u> JE01010 Rental and Leasing Business; <u>105.</u> ZZ99999 In Addition To The Permitted Business, The Business Is Not Prohibited Or Restricted. </p>	
<p> Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through 48th revision dates have been omitted for simplicity) The forty-ninth amendment was made on June 8, 2016; <u>The fifty amendment was made on June 11, 2018.</u> </p>	<p> Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through 48th revision dates have been omitted for simplicity) The forty-ninth amendment was made on June 8, 2016. </p>	<p> Addition of the 50th revision date. </p>

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,270,484,011 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,037,151,709, among which 1,324,577,433 was exercised by electronic transmission, the number of voting rights for rejection is 215,357, the number of invalid votes is 0, the number of voting rights for abstention is 233,116,945, and 89.72% of the total voting rights voted for approval when votes were cast).

IV. Election items

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

Explanation:

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

List of Candidates for Directors

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

List of Candidates for Directors

Name	Educational Background and Experience	Number of Shares Held
Albert Chang	EMBA of National Central University/ Senior Vice President of Delta Electronics, Inc.	1,104,917
Victor Cheng	Master of Electrical Engineering, Santa Clara University/General Manager of Delta Networks, Inc.	49,094,764

List of Candidates for Independent Directors

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

3) Please Vote

Election Result: 11 members of the Board of Directors (including 4 Independent Directors)

Title	Name	Votes Received
Director	Yancey Hai	1,717,151,946
Director	Bruce CH Cheng	1,686,720,090
Director	Mark Ko	1,682,351,333
Director	Ping Cheng	1,645,209,945
Director	Simon Chang	1,644,817,831
Director	Albert Chang	1,644,219,728
Director	Victor Cheng	1,644,157,394
Independent Director	Yung-Chin Chen	1,644,098,217
Independent Director	George Chao	1,644,029,702
Independent Director	Tsong-Pyng Perng	1,643,831,281
Independent Director	Ji-Ren Lee	1,643,714,268

V. Other proposals

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

Explanation:

- 1) 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.
- 2) As certain directors elected at this shareholders' meeting concurrently work for other companies, which may constitute the act restricted under Article 209 of the Company Act, it is proposed to release the non-competition restrictions on the directors, without prejudice to the interests of the Company. Detailed list of the relevant directors' positions in other companies is announced on a board placed at the venue of the shareholders' meeting after the election.
- 3) The proposal is submitted for discussion.

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,270,484,011 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,320,045,142 among which 607,470,866 was exercised by electronic transmission, the number of voting rights for rejection is 535,789,461, the number of invalid votes is 0, the number of voting rights for abstention is 414,649,408, and 58.13% of the total voting rights voted for approval when votes were cast).

VI. Extemporary Motions: None.

Meeting Adjourned: 10:50 AM, June 11, 2018

Chairman: Yancey Hai

Recorder: YiChun Chen

List of positions of the candidates for Directors in other companies

Name	Positions in Other Companies	
Bruce CH Cheng	Delta International Holding Ltd.	Director
	DAC Holding (Cayman) Ltd.	Director
	Delta Electronics (Japan), Inc.	Chairman
	Delta Electronics (H.K.) Limited	Director
	Delta Electronics (Jiangsu) Ltd.	Chairman
	Delta Video Display System (Wujiang) Ltd.	Chairman
	Delta Electronics (Shanghai) Co., Ltd.	Chairman
	Delta Electronics (Wujiang) Trading Co., Ltd.	Chairman
	Finestar International Limited	Director
	Hua-Chih Investment Co., Ltd. (translation)	Chairman
Yancey Hai	Delta International Holding Ltd.	Director
	DAC Holding (Cayman) Ltd.	Director
	Delta Electronics Power (Dongguan) Co., Ltd.	Director
	Delta Electronics (Shanghai) Co., Ltd.	Director
	CTCI Corporation	Director
	USI CORPORATION	Independent Director
Mark Ko	Delta International Holding Ltd.	Director
	Delta Electronics (Japan), Inc.	Director
	Delta Electronics (Dongguan) Co., Ltd.	Chairman
	Delta Electronics Power (Dongguan) Co., Ltd.	Chairman
	Delta Electronics (Jiangsu) Ltd.	Director
	Delta Electronics (Wuhu) Co., Ltd.	Chairman
	Delta Electronics (Chenzhou) Co., Ltd.	Chairman
	Wuhu Delta Technology Co., Ltd.	Chairman
	Chenzhou Delta Technology Co., Ltd.	Chairman

List of positions of the candidates for Directors in other companies

Name	Positions in Other Companies	
Mark Ko	Delta Electronics (Wujiang) Trading Co., Ltd.	Director
	Delta Green (Tianjin) Industries Co., Ltd.	Chairman
	Delta Greentech (China) Co., Ltd.	Director
	Delta Controls Inc.	Director
Ping Cheng	Delta International Holding Ltd.	Director
	Delta Electronics (H.K.) Limited	Director
	Delta Electronics (Netherlands) B.V.	Director
	Ace Pillar Holding Co., Ltd.	Director
	Castle Horizon Limited	Director
	Energy Dragon Global Limited	Director
	Delta America Ltd	Director
	Delta Greentech (China) Co., Ltd.	Chairman
	Delta Energy Technology (Shanghai) Co., Ltd.	Chairman
	Delta Energy Technology (Dongguan) Co., Ltd.	Chairman
	Delta Electronics (Pingtan) Co., Ltd.	Chairman
Delta Electronics Components (Wujiang) Ltd.	Chairman	
Delta Electronics (Xi'an) Co., Ltd.	Chairman	
Delta Electronics (Beijing) Co., Ltd.	Chairman	
Delta Electronics (Dongguan) Co., Ltd.	Director	
Ping Cheng	Delta Electronics Power (Dongguan) Co., Ltd.	Director
	Delta Electronics (Jiangsu) Ltd.	Director
	Delta Video Display System (Wujiang) Ltd.	Director
	Delta Electronics (Chenzhou) Co., Ltd.	Director
	Chenzhou Delta Technology Co., Ltd.	Director
	Delta Electronics (Wujiang) Trading Co., Ltd.	Director

List of positions of the candidates for Directors in other companies

Name	Positions in Other Companies	
Ping Cheng	Delta Green (Tianjin) Industries Co., Ltd.	Director
	Delta Electronics (Wuhu) Co., Ltd.	Director
	Wuhu Delta Technology Co., Ltd.	Director
	Beijing Industrial Foresight Technology Co., Ltd.	Director
	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Executive Director
	Delta Electronics (Thailand) Public Co., Ltd.	Advisor
Simon Chang	Delta International Holding Ltd.	Director
	Delta Electronics (Netherlands) B.V.	Director
	Delta Greentech (China) Co., Ltd.	Vice-Chairman
	Delta Green (Tianjin) Industries Co., Ltd.	Director
	Delta Electronics Components (Wujiang) Ltd.	Director
	Delta Electronics (Wuhu) Co., Ltd.	Director
	Delta Electronics (Chenzhou) Co., Ltd.	Director
	Wuhu Delta Technology Co., Ltd.	Director
	Chenzhou Delta Technology Co., Ltd.	Director
	Delta Energy Technology (Dongguan) Co., Ltd.	Director
	Delta Electronics (Pingtan) Co., Ltd.	Director
	Delta Electronics (Xi'an) Co., Ltd.	Director
	VIVOTEK INC.	Director
BETACERA INC.	Director	
Victor Cheng	Delta Networks, Inc. (Taiwan)	Chairman
	Delta Electronics (Dongguan) Co., Ltd.	Director
	Delta Networks (Dongguan) Ltd.	Chairman
	Delta Networks (Shanghai) Ltd.	Chairman
	Delta Networks (Xiamen) Ltd.	Vice-Chairman

List of positions of the candidates for Directors in other companies

Name	Positions in Other Companies	
Victor Cheng	DNI Logistics (USA) Corporation	Director
	Delta Networks Inc.	Director
	Delta Networks (HK) Limited	Director
	Eltek AS	Director
	Eltek SGS Pvt Ltd	Director
	Eltek Power Incorporated	Director
	Delta Greentech (Brasil) S.A.	Director
	Lanner Electronics Inc.	Director (Candidate)
Albert Chang	Neo Solar Power Corp.	Director

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

Name	Positions in Other Companies	
Yung-Chin Chen	Prime Oil Chemical Service Corporation	Director
	Taiwan Cogeneration Corporation	Director
	Wei Chuan Foods Corp.	Director
	CHINA TELEVISION COMPANY	Independent Director
	HEY-SONG CORPORATION	Independent Director
George Chao	None	
Tsong-Pyng Perng	None	
Ji-Ren Lee	E.SUN FINANCIAL HOLDING COMPANY,LTD.	Independent Director
	ACER INCORPORATED	Independent Director
	VIVOTEK INC.	Independent Director

Appendix 1

Business Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chairman	Yancey Hai
CEO	Ping Cheng
CFO	Judy Wang

Appendix 2

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion

thereon, we do not provide a separate opinion on these matters.

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

Investments accounted for under equity method

Description

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

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

How our audit addressed the matter

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

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

Impairment assessment of investments accounted for under equity method

Description

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

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

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

How our audit addressed the matter

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

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

Other matter – Scope of the Audit

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not

a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or

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

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

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

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

Lin, Yu-Kuan

Chou,Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2018

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

Appendix 3

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Business combination

Description

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

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

How our audit addressed the matter

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

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

Impairment assessment of intangible assets

Description

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

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

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

How our audit addressed the matter

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

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

Other matter – Scope of the Audit

We did not audit the financial statements of wholly-owned consolidated subsidiaries and an investment accounted for under the equity method that are included in the consolidated financial statements. Total assets of the subsidiaries amounted to NT\$9,128,719 thousand and NT\$5,202,263 thousand, constituting 3.64% and 2.21% of consolidated total assets as of December 31, 2017 and 2016, respectively, and operating revenue was NT\$4,218,765 thousand and NT\$3,513,380 thousand, constituting 1.89% and 1.64% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method was NT\$7,418,365 thousand and NT\$7,084,482 thousand, constituting 2.96% and 3.01% of consolidated total assets as of December 31, 2017 and 2016, respectively, and the share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method was NT\$923,720 thousand and NT\$909,301 thousand, constituting 6.79% and 7.07% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose report thereon have been furnished to

us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

Other matter-Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Delta Electronics, Inc. as at and for the years ended December 31, 2017 and 2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the year ended December 31, 2017 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$29.76 to US\$1.00 at December 31, 2017. This basis of translation is not in accordance with International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by the FSC.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2018

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

	Notes	Equity attributable to owners of the parent										
		Retained earnings					Other equity interest					
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for- sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Total	Non-controlling interest	Total equity
<u>2016 New Taiwan Dollars</u>												
Balance at January 1, 2016		\$ 25,975,433	\$ 48,344,161	\$ 17,622,146	\$ -	\$ 28,508,940	\$ 3,708,438	\$ 204,881	\$ 6,188	\$ 124,370,187	\$ 5,182,622	\$ 129,552,809
Distribution of 2015 earnings	6(21)	-	-	1,871,462	-	(1,871,462)	-	-	-	-	-	-
Legal reserve		-	-	1,871,462	-	(1,871,462)	-	-	-	-	-	-
Special reserve		-	-	-	527,556	(527,556)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
Change in equity of associates and joint ventures accounted for under equity method		-	(9,692)	-	-	-	-	-	-	(9,692)	-	(9,692)
Changes in non-controlling interests	6(22)	-	-	-	-	-	-	-	-	-	(507,007)	(507,007)
Proceeds from investments accounted for under the equity method		-	(12,384)	-	-	-	-	-	-	(12,384)	-	(12,384)
Other comprehensive (loss) income for the year		-	-	-	-	(4,432)	(4,724,834)	(1,482,432)	47,565	(6,164,133)	(243,358)	(6,407,491)
Effects due to gain on share of non-controlling interests		-	120,366	-	-	-	-	-	-	120,366	-	120,366
Profit for the year		-	-	-	-	18,797,799	-	-	-	18,797,799	462,183	19,259,982
Balance at December 31, 2016		<u>\$ 25,975,433</u>	<u>\$ 48,442,451</u>	<u>\$ 19,493,608</u>	<u>\$ 527,556</u>	<u>\$ 31,915,572</u>	<u>(\$ 1,016,396)</u>	<u>(\$ 1,277,551)</u>	<u>\$ 53,753</u>	<u>\$ 124,114,426</u>	<u>\$ 4,894,440</u>	<u>\$ 129,008,866</u>
<u>2017 New Taiwan Dollars</u>												
Balance at January 1, 2017		\$ 25,975,433	\$ 48,442,451	\$ 19,493,608	\$ 527,556	\$ 31,915,572	(\$ 1,016,396)	(\$ 1,277,551)	\$ 53,753	\$ 124,114,426	\$ 4,894,440	\$ 129,008,866
Distribution of 2016 earnings	6(21)	-	-	1,879,780	-	(1,879,780)	-	-	-	-	-	-
Legal reserve		-	-	1,879,780	-	(1,879,780)	-	-	-	-	-	-
Special reserve		-	-	-	2,240,193	(2,240,193)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
From share of changes in equities of subsidiaries		-	3,867	-	-	(4,215)	-	-	-	(348)	-	(348)
Changes in non-controlling interests	6(22)	-	-	-	-	-	-	-	-	-	4,151,463	4,151,463
Other comprehensive income for the year		-	-	-	-	(101,995)	(4,895,443)	20,710	26,784	(4,949,944)	(205,798)	(5,155,742)
Profit for the year		-	-	-	-	18,380,552	-	-	-	18,380,552	376,400	18,756,952
Balance at December 31, 2017		<u>\$ 25,975,433</u>	<u>\$ 48,446,318</u>	<u>\$ 21,373,388</u>	<u>\$ 2,767,749</u>	<u>\$ 33,082,224</u>	<u>(\$ 5,911,839)</u>	<u>(\$ 1,256,841)</u>	<u>\$ 80,537</u>	<u>\$ 124,556,969</u>	<u>\$ 9,216,505</u>	<u>\$ 133,773,474</u>

(Continued)

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

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

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

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

(Continued)

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

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

Appendix 4

Audit Committee's Review Report

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

We, the Audit Committee of the Company have reviewed the business report, parent company only financial statements, consolidated financial statements and proposal for earnings distribution of the Company for the year 2017 in accordance with applicable laws and regulations and found the same have been complied with. We hereby report to the shareholders as described above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Audit Committee of Delta Electronics, Inc.

Convenor of the Audit Committee: Yung-Chin Chen

Date: March 08, 2018