

**Delta Electronics Inc. ("Company")**  
**Minutes of 2005 General Shareholders' Meeting**  
(Translation)

Time: 10:00 AM, May 19, 2005

Place: Hong Yun Hall, 1F, Taoyan Holiday Hotel  
No. 269, Dashing Road, Taoyan City

Quorum: 1,386,809,378 shares were represented by the shareholders and proxies present, which amounted to 86.27% of the Company's 1,607,386,628 issued and outstanding shares.

Attendance: Mr. James Tsai, CPA, PriceWaterhouseCoopers  
Ms. Audrey Tseng, CPA, PriceWaterhouseCoopers  
Mr. James Chen, Attorney-at-Law, Lee and Li

Chairman: Bruce CH Cheng, Chairman of the Board of Directors Recorder: Ms. Jill Lee

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)

**1. Discussion of Amendments to Rules and Procedures of Shareholders' Meeting**

Proposal: Discussion of amendments to "Rules and Procedures of Shareholders' Meeting." Proposed by the Board of Directors.

Explanation: 1. Amendments to this Company's "Rules and Procedures of Shareholders' Meeting " have been drafted in order to meet the Company's business needs. Please see the comparison table for Rules and Procedures of the Shareholders' Meeting before and after amendment.  
2. The proposed amendments are submitted for discussion and approval.

Comparison Table of Articles of the Shareholders' Meeting Rules and Procedure Before and After Amendment

Article before amendment		Article after amendment		Explanation
		Article 1	These Rules and Procedures have been stipulated in accordance with the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies in order to establish effective governance of the shareholders' meeting, implement sound supervisory functions, and strengthen managerial functions.	The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies constitutes the legal basis for the stipulation of these Rules and Procedures
1.	Unless otherwise provided for in applicable laws and regulation, the Company's shareholders' meeting shall be conducted in accordance with these Rules and Procedures.	Article 2	Unless otherwise provided for in applicable laws and regulation or this Company's Articles of Incorporation, the Company's Shareholders' Meeting Rules and Procedures shall comply with the following articles.	Amendment of text and change in numbering of articles.
2.	This Company shall provide a sign-in book allowing attending shareholders to sign in, or shall require attending shareholders to submit attendance cards in lieu of sign-in. The number of attending shares shall be calculated based on the sign-in book or attendance cards submitted by the shareholders.			The original content of Article 2 has been moved to Articles 6 and 9 after amendment.
3.	Attendance and voting at the shareholders' meeting shall be determined based on the number of shares.			The original content of Article 3 has been moved to Articles 9 and 12 after amendment.
		Article 3	The Company's shareholders' meeting shall be convened by the Board of Directors unless applicable laws and regulations provide otherwise. All shareholders shall be notified of a general shareholders' meeting at least 30 days in advance. Those shareholders each holding less	Added in accordance with the Company Law, Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies, and relevant laws and regulations.

Article before amendment		Article after amendment		Explanation
			<p>than 1,000 registered shares may be notified by means of an announcement on the Market Observation Post System Website 30 days in advance of the meeting.</p> <p>All shareholders shall be notified of a special shareholders' meeting at least 15 days in advance. Those shareholders each holding less than 1,000 registered shares may be notified by means of an announcement on the Market Observation Post System Website 15 days in advance of the meeting. Notification and announcements shall state the reasons for the meeting.</p> <p>The election of directors and supervisors, the amendment of this Company's Articles of Incorporation, the dissolution, merger, or spin-off of the Company, or the matters specified in Article 185, Paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law shall be listed among the reasons for the meeting, and may not be proposed as provisional motions.</p>	
		Article 4	<p>Before any shareholders' meeting, shareholders may submit proxy forms issued by the Company bearing the scope of authorization, name of proxy, and shareholders' meeting to be attended.</p> <p>Each shareholder may submit one proxy form, and may appoint only one person to serve as a proxy. Proxy forms must be delivered to the Company at least five days before each shareholder's meeting. If multiple proxy letters are delivered, the first shall take precedence; however, if the shareholder has</p>	<p>Added in accordance with the Company Law, Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies, and relevant laws and regulations.</p>

Article before amendment		Article after amendment		Explanation
			made a statement to cancel a prior proxy appointment, the preceding sentence shall not apply.	
4.	Shareholders' meetings shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for such a meeting. The meeting shall not start earlier than 9:00 AM or later than 3:00 PM.	Article 5	Shareholders' meetings shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for such a meeting. The meeting shall not start earlier than 9:00 AM or later than 3:00 PM.	Change in article numbering
		Article 6	<p>The Company shall provide a sign-in book allowing attending shareholders or their appointed proxies (hereafter referred to as "shareholders") to sign in or require attending shareholders to submit attendance cards in lieu of signing in.</p> <p>The Company shall provide meeting agenda, annual reports, attendance passes, speech notes, ballots, and other meeting materials to shareholders attending the shareholders' meeting; ballots shall be given to attending shareholders when the election of directors and supervisors is to be held.</p> <p>Shareholders shall be admitted to the shareholders' meeting on the basis of attendance passes, attendance cards, or other attendance documents; those persons soliciting proxy forms shall be required to present identification documents for checking identities.</p> <p>When the government or a legal entity is a shareholder, more than one representative may attend the shareholders' meeting. However, a legal entity serving as proxy to attend a shareholders' meeting may appoint only one</p>	Revised and re-numbered in accordance with the Rules Governing the Conduct of Shareholders Meetings by Public Companies and Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies. The original content of Article 2 has been moved to Articles 6 and 9 after amendment. The original content of Article 12 has been moved to Articles 6 and 11 after amendment, and has been partially revised.

Article before amendment		Article after amendment		Explanation
			representative to attend the meeting.	
5.	<p>If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or cannot perform his duties for some reason, the Vice-Chairman shall preside at the meeting on the Chairman's behalf; if the Company does not have a vice-Chairman or the Vice-Chairman is on leave or cannot perform his duties for some reason, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman shall appoint a director to serve on his behalf. If the Chairman has not appointed a representative, the managing directors or directors shall nominate among themselves to preside over the meeting. If the shareholders' meeting is convened by any person entitled to convene the meeting other than the Board of Directors, such person shall be the meeting's chairman.</p>	Article 7	<p>If a shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be the chairman presiding at the meeting. If the Chairman of the Board of Directors is on leave or cannot perform his duties for some reason, the Vice-Chairman shall preside at the meeting on the Chairman's behalf; if the Company does not have a vice-Chairman or the Vice-Chairman is on leave or cannot perform his duties for some reason, the Chairman of the Board of Directors shall appoint a managing director to serve on his behalf. If there are no managing directors, the Chairman shall appoint a director to serve on his behalf. If the Chairman has not appointed a representative, the managing directors or directors shall nominate among themselves to preside over the meeting.</p> <p>More than one-half of the directors should attend the shareholders' meeting if that meeting has been convened by the Board of Directors.</p> <p>If the shareholders' meeting is convened by any person entitled to convene the meeting other than the Board of Directors, such person shall be the meeting's chairman. If there is more than one such person entitled to convene the meeting, those persons shall nominate amongst themselves to be the meeting's chairman.</p> <p>This Company may appoint designated legal counsel, CPA, or relevant persons to attend the shareholders' meeting.</p>	<p>Drafted and re-numbered in accordance with the Rules Governing the Conduct of Shareholders Meetings by Public Companies and Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and.</p> <p>The original content of Article 5 has been moved to Article 7 after amendment.</p> <p>The original content of Article 6 has been moved to Articles 7 and 17 after amendment.</p>
6.	The Company may appoint designated legal			The original content of Article

Article before amendment		Article after amendment		Explanation
	counsel, CPA, or relevant persons to attend a shareholders' meeting. Persons handling affairs of the meeting shall wear identification cards or arm badges.			6 has been moved to Articles 7 and 17 after amendment.
7.	The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be preserved for at least one year.	Article 8	The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be preserved for at least one year. However, the said tapes shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.	Amendment of text and change in article numbering.
8.	The chairman shall call the meeting to order at the time scheduled for the meeting. If the number of shares represented by the attending shareholders has not yet constituted more than one-half of all issued and outstanding shares at the time scheduled for the meeting, the chairman may postpone the time for the meeting. The postponements shall be limited to two times at the most and the meeting shall not be postponed for more than one hour in the aggregate. If after two postponements the number of shares represented by the attending shareholders has not yet constituted more than one-half of all issued and outstanding shares but the attending shareholders at the meeting represent more than one-third of all issued and outstanding shares, provisional resolutions may be made in accordance with Article 175, Paragraph 1 of the	Article 9	Attendance at shareholders' meeting shall be determined based on the number of shares. The number of attending shares shall be calculated based on the sign-in book or attendance cards submitted by shareholders. The chairman shall call the meeting to order at the time scheduled for the meeting. If the number of shares represented by the attending shareholders has not yet constituted more than one-half of all issued and outstanding shares at the time scheduled for the meeting, the chairman may postpone the time for the meeting. The postponements shall be limited to two times at the most and the meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements the number of shares represented by the attending shareholders has not yet constituted more than one-third of all issued and outstanding shares, the chairman shall announce the termination of the meeting. If after two postponements the number of attending shares	The original content of Article 2 has been moved to Articles 6 and 9 after amendment.  The original content of Article 3 has been moved to Articles 9 and 12 after amendment.  Amendment of text and change in numbering of articles.

Article before amendment	Article after amendment	Explanation
<p>Company Law. If the attending shareholders have constituted more than one-half of all issued and outstanding shares by the end of the meeting, the chairman may submit the foregoing provisional resolutions to the meeting for approval in accordance with Article 174 of the Company Law.</p>	<p>represented by the attending shareholders has not yet constituted more than one-half of all issued and outstanding shares but the attending shareholders at the meeting represent more than one-third of all issued and outstanding shares, provisional resolutions may be made in accordance with Article 175, Paragraph 1 of the Company Law, and shareholders shall be notified to attend another shareholders' meeting to approve the said provisional resolutions within one month. If the attending shareholders have constituted more than one-half of all issued and outstanding shares by the end of the meeting, the chairman may submit the foregoing provisional resolutions to the meeting for approval in accordance with Article 174 of the Company Law.</p>	
<p>9. The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda. The above provision applies <i>mutatis mutandis</i> to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting. Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including provisional motions) listed in the agenda are completed. The</p>	<p>Article 10 The agenda of the meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the meeting, the meeting shall proceed in accordance with the agenda. The above provision applies <i>mutatis mutandis</i> to cases where the meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting. Unless otherwise resolved at the meeting, the chairman cannot announce adjournment of the meeting before all the items (including provisional motions) listed in the agenda are completed. If the chairman announces the adjournment of the meeting in violation of these Rules and Procedures, other members of the Board of</p>	<p>Amendment of text and change in article numbering.  The original content of Article 14 has been moved to Article 10 after amendment, and the text has been partially revised.</p>

Article before amendment	Article after amendment	Explanation
<p>shareholders cannot designate any other person as chairman and continue the meeting in the same or other place after the meeting is adjourned.</p>	<p>Directors shall promptly assist the attending shareholders to elect, by a majority of votes represented by attending shareholders in the meeting, another person to serve as chairman and continue the meeting in accordance with due procedures.</p> <p>The chairman must provide sufficient time for the explanation and discussion of all items on the agenda and amendments and provisional motions submitted by shareholders; the chairman may announce an end of discussion and submit an item for a vote if the chairman deems that the agenda item is ready for voting.</p>	
<p>10. When a shareholder attending the meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance card) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches. If any attending shareholder at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder.</p> <p>In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the speaking shareholder, no shareholder shall interrupt</p>	<p>Article 11</p> <p>When a shareholder attending the meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance card) and the account name of the shareholder. The chairman shall determine the sequence of shareholders' speeches. If any attending shareholder at the meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder.</p> <p>In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail. The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed five minutes. The chairman may stop the speech of any shareholder who violates the above provision or</p>	<p>Amendment of text and change in article numbering.</p> <p>The original content of Articles 10, 11, 12, and 13 has been combined as Article 11 after amendment, and the text has been partially revised.</p>

Article before amendment	Article after amendment	Explanation
the speech of the speaking shareholder, otherwise the chairman shall stop such interruption.	exceeds the scope of the agenda item. Unless otherwise permitted by the chairman and the speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder, otherwise the chairman shall stop such interruption. When a legal-entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for each agenda item. The chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.	
11. The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed five minutes. The chairman may stop the speech of any shareholder who violates the above provision or exceeds the scope of the agenda item.		The original content of Article 11 and other articles has been combined as Article 11 after amendment, and the text has been partially revised.
12. A legal entity serving as proxy to attend a shareholders' meeting may designate only one representative to attend. When a legal-entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for each agenda item.		The original content of Article 12 has been moved to Articles 6 and 11 after amendment, and the text has been partially revised.
13. The chairman may respond himself/herself or designate another person to respond after the speech of the attending shareholder.		The original content of Article 13 and other articles has been combined as Article 11 after amendment, and

Article before amendment		Article after amendment		Explanation
				the text has been partially revised.
14.	The chairman may announce the end of discussion and submit an agenda item for a vote if the chairman deems that the item is ready for voting.			The original content of Article 14 has been moved to Article 10 after amendment, and the text has been partially revised.
		Article 12	<p>Voting at a shareholders' meeting shall be based on number of shares. The shares of shareholders with no voting rights shall not be included in the total number of issued and outstanding shares when voting on resolutions.</p> <p>If there is concern that a shareholder's interest may conflict with and adversely affect the Company's interests with regard to any matters discussed at the meeting, that shareholder may not participate in voting, and may not represent another shareholder to exercise his or her voting rights.</p> <p>The number of shares of those persons not permitted to exercise their voting rights in the foregoing paragraph shall not be included in counting the total number of voting shares for attending shareholders.</p> <p>Except in the case of a trust enterprise or securities proxy organization approved by the securities competent authority, the proxy voting rights of a person serving as a proxy for two or more shareholders may not exceed 3% of total issued and outstanding shares voting rights; if it does exceed 3%, the excess portion shall not be counted.</p>	<p>The original content of Article 3 has been moved to Articles 9 and 12 after amendment.</p> <p>Revised and re-numbered in accordance with the Rules Governing the Conduct of Shareholders Meetings by Public Companies and Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies.</p>
15.	The chairman shall appoint persons responsible for checking and counting ballots during votes on agenda	Article 13	Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights are restricted or	Revised and re-numbered in accordance with the Rules Governing the

Article before amendment	Article after amendment	Explanation
<p>items. The persons responsible for checking ballots must be shareholders. The result of voting shall be announced at the meeting and placed on record.</p>	<p>who have no voting rights. Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all attending shareholders after solicitation by the chairman. If there is any objection, the agenda item shall be put to a vote by casting ballots in accordance with the foregoing paragraph.</p> <p>If there is amendment to or substitute for an agenda item, the chairman shall decide the sequence of voting for such original agenda item, the amendment, and the substitute. If any one of them has been approved, the others shall be deemed vetoed and no further voting will be necessary.</p> <p>The chairman shall appoint persons responsible for checking and counting ballots during votes on agenda items. However, the persons responsible for checking ballots must be shareholders. The ballots shall be publicly counted at the meeting venue and the result of voting shall be announced at the meeting and placed on record.</p>	<p>Conduct of Shareholders Meetings by Public Companies and Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies.</p> <p>The original content of Articles 15, 17, and 18 has been incorporated into Article 13 after amendment, and the text has been partially revised.</p>
	<p>Article 14</p> <p>If the election of directors and supervisors is conducted at a shareholders' meeting, such an election shall be performed in accordance with the Company's Director and Supervisor Election Regulations, and the results must be announced at the</p>	<p>Added in accordance with the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and relevant laws and regulations.</p>

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

Article before amendment		Article after amendment		Explanation
		Article 15	<p>Resolutions made at a shareholders' meeting shall be compiled in the form of minutes. The chairman shall affix his signature or seal to the minutes, which shall be issued to shareholders within 20 days after the end of the meeting. With regard to the issue of minutes in the foregoing paragraph, the minutes may be distributed to those shareholders who each hold less than 1,000 registered and outstanding shares in the form of an announcement on the Market Observation Post System Website.</p> <p>The minutes must faithfully record the meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceedings, and results of resolutions. The minutes of shareholders' meeting shall be preserved for as long as the Company exists. "There is no objection from any shareholders after solicitation by the chairman and the resolution is passed" shall be recorded in the minutes if no objection is voiced after solicitation by the chairman before an agenda item is put to a vote. If there are any objections, however, and the agenda item is put to a vote, the number of approval votes cast and the percentage of the approval votes as to total votes shall be recorded in the minutes.</p>	Added in accordance with the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and relevant laws and regulations.
		Article 16	The Company shall, on the day of the meeting, compile the number of shares obtained by solicitors and the number of shares represented by proxies in statistical tables in the specified format, and shall post such tables in prominent locations within the meeting	Added in accordance with the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and relevant laws and regulations.

Article before amendment		Article after amendment		Explanation
			place. If any resolutions made by a shareholders' meeting are material information pursuant to applicable laws and regulations or the Taiwan Stock Exchange Corporation's regulations, the Company shall transmit the content of such resolutions to the Market Observation Post System Website within the specified period of time.	
16.	During the meeting, the chairman may, at his discretion, set time for intermission.			The original content of Article 16 has been moved to Article 18 after amendment.
17.	Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by attending shareholders after solicitation by the chairman.			The original content of Article 17 and other articles has been combined as Article 13 after amendment, and the text has been partially revised.
18.	If there is amendment to or substitute for an agenda item, the chairman shall decide the sequence of voting for such original agenda item, the amendment, and the substitute. If any one of them has been approved, the others shall be deemed vetoed and no further voting will be necessary.			The original content of Article 18 and other articles has been combined as Article 13 after amendment, and the text has been partially revised.
19.	The chairman may order disciplinary officers (or security guards) to assist in keeping order in the meeting place. Such			The original content of Article 19 has been moved to Article 17 after amendment.

Article before amendment	Article after amendment		Explanation
disciplinary officers (or security guards) shall wear arm badges marked "Disciplinary Personnel" when assisting in maintaining order in the meeting place			
	Article 17	<p>Persons handling affairs of the meeting shall wear identification cards or arm badges. The chairman may order disciplinary officers or security guards to assist in keeping order in the meeting place. Such disciplinary officers or security guards shall wear arm badges or identification cards marked "Disciplinary Personnel" when assisting in maintaining order in the meeting place.</p> <p>If the meeting place is equipped with loudspeaker equipment, the chairman shall stop any shareholders using equipment not installed by the Company from speaking.</p> <p>The chairman shall order disciplinary officers or security guard to escort any shareholders who violate these Rules and Procedures and fail to heed the chairman's correction, or disrupt the proceeding of the meeting and fail to desist, to leave the meeting place.</p>	<p>The original content of Article 6 has been moved to Articles 7 and 17 after amendment. The original content of Article 19 has been moved to Article 17 after amendment, Amendment of text and change in article numbering.</p>
	Article 18	<p>During the meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and announce, depending on the situation, when the meeting will resume.</p> <p>Before the agenda set for the shareholders' meeting are completed, if the meeting place cannot continue to be used for the meeting, then, by</p>	<p>The original content of Article 16 has been moved to Article 18 after amendment. Amendment of text and change in article numbering.</p>

Article before amendment		Article after amendment		Explanation
			resolution of the shareholders, another place may be sought to resume the meeting. The shareholders may resolve to postpone or resume the meeting within five days in accordance with Article 182 of the Company Law.	
20.	These Rules and Procedures shall be effective from the date they are approved by the shareholders' meeting. The same applies in the case of amendments.	Article 19	These Rules and Procedure shall be effective from the date they are approved by the shareholders' meeting. The same applies in the case of amendments.	Change in article numbering.

**Resolution:** There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

## 2. Report Items

- (1) 2004 Business Report (See Attachment)
- (2) 2004 Financial Reports (See Attachment)
- (3) 2004 Supervisors' Report (See Attachment)
- (4) Report on Endorsement and Guarantee

## 3. Acknowledgement Items

Item 1 Proposed by the Board of Directors

Subject: Please acknowledge the 2004 Financial Reports.

Explanation: (1) This Company's 2004 Financial Statements including the Business Report and Financial Statements (please refer to the Attachment). The Company's supervisors have found no discrepancies after examination and have made a written report for records.

- (2) Please acknowledge.

**Resolution:** There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

Item 2 Proposed by the Board of Directors

Subject: Please acknowledge the 2004 Distribution of Earnings.

Explanation: (1) The proposal of the Company's 2004 distribution of earnings was made in accordance with the Company Law and the Company's Articles of Incorporation, and an earnings distribution table has been prepared and attached below. This earnings distribution table was approved by the meetings of the Board of Directors held on February 25, 2005 and March 28, 2005.

(2) With regard to shareholders' dividends for 2004, the record date for cash dividends and stock dividends shall be designated after the distribution proposal is approved by the shareholders' meeting. Each one thousand shares shall receive a distribution of 50 shares of newly issued stock and a cash dividend of NT\$2,500 based on the number of shares held as recorded in the shareholders' register on the record date.

(3) If the conversion of euro convertible bonds to common shares by bondholders prior to the record date for distribution of cash dividends and stock dividends results in the change of the number of the Company's issued and outstanding shares, it is proposed the Board of Directors be authorized to adjust the stock dividend and cash dividend rate in accordance with the actual number of issued and outstanding shares.

(4) Please acknowledge.

Delta Electronics, Inc.  
2004 Earnings Distribution Table

Item	Explanation	(in NT\$) Amount
Undistributed earnings of previous year		1,024,344,535
Earnings in 2004		
Pre-tax earnings in 2004		5,959,041,760
Income tax credit		702,656,728
After-tax earnings in 2004		6,661,698,488
Subtract: Legal reserve		666,169,849
Special reserve		477,111,619
Long-term investment shareholding change adjustment		44,747,641
Long-term investment shareholding change adjustment for investee companies in proportion to shareholdings in each investee company		20,782,814
Earnings available for distribution by the end of 2004 [Note]		6,507,231,100
Distribution items:		
Directors' and supervisors' remuneration		16,700,000
Capitalization of employee bonuses		320,775,450
Capitalization of shareholders' bonuses	NT\$0.50 per share	803,693,320
Cash dividends	NT\$2.50 per share	4,018,466,570
Undistributed earnings by the end of 2004		1,347,595,760

Note: Principle of earnings distribution in the Company's 2004 Earnings Distribution Table: Distribution of 2004 distributable earnings first.

Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

#### 4. Discussion Items

Item 1 Proposed by the Board of Directors

Subject: Discussion of the amendment to the "Director and Supervisor Election Regulations."

Explanation: (1) Amendments to the Company's "Director and Supervisor Election Regulations" have been drafted in order to meet the Company's business needs. Please see the comparison table of articles of the "Director and Supervisor Election Regulations" before and after amendment.

(2) The proposed amendments are submitted for discussion and approval.

#### Comparison Table of Articles of the Director and Supervisor Election Regulations Before and After Amendment

Article before amendment		Article after amendment		Explanation
Article 1	The election of directors and supervisors of the Company shall be conducted in accordance with these Regulations.	Article 1	These Regulations have been stipulated in accordance with the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies" in achieving fair, neutral, and open election of directors and supervisors.	The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies constitutes the legal basis for the stipulation of these Regulations.
Article 2	The election of this Company's directors and supervisors shall be conducted at the shareholders' meeting.	Article 2	Unless otherwise specified in applicable laws and regulations and the Company's Articles of Incorporation, the election of the Company's directors and supervisors shall be conducted in accordance with these Regulations.	Amendment of text.
Article 3	Any person with legal capacity may be elected as one of the Company's directors or supervisors.	Article 3	When selecting the Company's directors, it should take into consideration the overall composition of the Board of Directors. The members of the Board of Directors must commonly possess the knowledge, skills, and qualities needed to perform their duties, including business judgment,	Revised in accordance with the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies.

Article before amendment		Article after amendment		Explanation
			<p>accounting and financial analysis ability, administrative management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making ability.</p> <p>When selecting supervisors of the Company, it should take into consideration whether the candidates possess trustworthiness, fair judgment, professional knowledge, plentiful experience, and the ability to read financial statements.</p>	
Article 4	The numbers of directors and supervisors shall be the numbers specified in the Company's Articles of Incorporation.			The original content of Article 4 has been incorporated in Article 6 after amendment.
		Article 4	If this Company must establish independent directors and supervisors, the qualifications of these persons must comply with the competent authority's Independent Director and Supervisor Determination Standards.	The content of Article 4 after amendment has been added in accordance with the competent authority's regulations.
Article 5	The Company's directors and supervisors shall be elected by means of open ballot. According to relevant laws, each share is entitled to votes equal to the number of directors and supervisors to be elected, and the number of votes may be used together to elect one person or spread out over several persons. The name of each elector shall be expressed as the attendance card number on the person's ballot. The number of shares held by each elector shall be determined in accordance with that recorded in the	Article 5	The Company's directors and supervisors shall be elected by means of the single open cumulative ballot method. According to relevant laws, each share is entitled to votes equal to the number of directors and supervisors to be elected, and the number of votes may be used together to elect one person or spread out over several persons. The Board of Directors shall prepare ballots equal to the number of directors and supervisors to be elected. In addition to affixing the Company's seal on the ballots, each ballot shall bear an elector's attendance card number and number of votes	The original content of Articles 5 and 7 has been combined as Article 5 after amendment, with partial amendment of text.

Article before amendment		Article after amendment		Explanation
	Company's shareholder register.		for distribution to the attending shareholders.	
Article 6	Candidates shall be elected in sequence starting from those who have received the highest number of votes until the number of persons specified in the Company's Articles of Incorporation is elected. If two or more persons receive the same number of votes, and resulting in the total number of persons to be elected exceeds the number specified in the Company's Articles of Incorporation, those persons who have received the same number of votes shall draw straws to decide who is elected. If any person who has received the same number of votes with others is not present at the meeting, the chairman shall draw a straw on that absent person's behalf.	Article 6	The Company's Board of Directors or any shareholder may submit a list of candidates for the election of directors and supervisors. Such lists shall serve as references for the election of directors and supervisors. When the Board of Directors submits a list of candidates, it may also provide the candidates' academic background, career experiences, shareholdings, name of government or legal entity represented, and status of independence, etc. for the reference of shareholders. Candidates for election of the Company's directors and supervisors shall be elected in sequence starting from those who have received the highest number of votes until the number of persons specified in the Company's Articles of Incorporation is elected. If two or more persons receive the same number of votes, and resulting in the total number of persons to be elected exceeds the number specified in the Company's Articles of Incorporation, those persons who have received the same number of votes shall draw straws to decide who is elected. If any person who has received the same number of votes with others is not present at the meeting, the chairman shall draw a straw on that absent person's behalf.	Revised according to the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies.
Article 7	The Board of Directors shall prepare ballots. In addition to affixing the Company's seal on the ballots, each ballot shall bear an elector's attendance card number			The original content of Article 7 has been incorporated into Article 5 after amendment.

Article before amendment		Article after amendment		Explanation
	and number of votes.			
Article 8	When an election begins, the chairman shall direct two persons to check ballots and several persons to count ballots and to handle relevant matters.			The original content of Articles 8 and 9 has been incorporated into Article 7 after amendment, and the text has been partially revised.
Article 9	The Board of Directors shall prepare a ballot box. Persons designated to check ballots shall open and inspect the box in front of the meeting before voting begins.			The original content of Articles 8 and 9 has been incorporated into Article 7 after amendment, and the text has been partially revised.
		Article 7	Before the start of an election the chairman shall designate two persons (who should be shareholders) to check ballots and several persons (who should be shareholders) to count ballots to perform relevant duties. The Board of Directors shall prepare a ballot box. Persons designated to check ballots shall open and check the box in front of the meeting before voting begins.	The original content of Articles 8 and 9 has been incorporated into Article 7 after amendment, and the text has been partially revised.
Article 10	If a candidate is a shareholder, electors must clearly fill in the candidate's shareholder number and name on each ballot. If a candidate is a governmental organization or legal entity, the name of the governmental organization or legal entity (or the name of the governmental organization and its representative or the name of the legal entity and its representative) must be clearly filled out in the candidate column of the ballot. If the candidate is not a shareholder, electors must clearly fill in the name and ID document	Article 8	If a candidate is a shareholder, electors must clearly fill in the candidate's shareholder number and name in the candidate column of each ballot. If a candidate is not a shareholder, electors must clearly fill in the candidate's name and ID document number. ID document refers to the original copy of the citizens' ID card for domestic natural persons and the original copy of a passport for foreign natural persons. The ID document number shall serve as the person's ID number for the purpose of the election. However, if a candidate is a governmental organization or legal entity, the name of the governmental organization or	Amendment of text and change in article numbering.

Article before amendment	Article after amendment	Explanation
	<p>number of the candidate on each ballot. ID document refers to the original copy of the citizens' ID card for domestic natural persons and the original copy of a passport for foreign natural persons. The ID document number shall serve as the person's ID number for the purpose of the election.</p>	<p>legal entity (or the name of the government organization and its representative or the name of the legal entity and its representative) must be clearly filled out in the candidate column of the ballot. If there are several representatives, each of the representatives' names must be filled in.</p>
<p>Article 11</p> <p>A ballot shall be deemed invalid vote and void if any of the following circumstances occur:</p> <ol style="list-style-type: none"> <li>1. The elector has failed to use a ballot specified in these Regulations.</li> <li>2. A blank ballot with no writings has been cast in the ballot box.</li> <li>3. The writing is unclear and illegible.</li> <li>4. When the candidate is a shareholder, any item of the candidate's name, shareholder's account number, or number of votes allocated has been omitted or altered; or the candidate's name or shareholder's account number does not conform to that in the shareholders register.</li> </ol> <p>If the candidate is not a shareholder, any item of the candidate's name, ID number, or number of votes allocated has been omitted or altered; or the candidate's name or ID number is found not to conform to that on the original documents.</p> <ol style="list-style-type: none"> <li>5. The elector has intermixed other text or figures in addition to the candidate's name, shareholder's account</li> </ol>	<p>Article 9</p> <p>A ballot is invalid if any of the following circumstances occur:</p> <ol style="list-style-type: none"> <li>1. The elector has failed to use a ballot prepared by the Board of Directors.</li> <li>2. A blank ballot with no writings has been cast in the ballot box.</li> <li>3. The writing is unclear and illegible or has been altered.</li> <li>4. When the candidate is a shareholder, any item of the candidate's name, shareholder's account number, or number of votes allocated has been omitted or altered; or the candidate's name or shareholder's account number does not conform to that in the shareholders register.</li> </ol> <p>If the candidate is not a shareholder, any item of the candidate's name, ID number, or number of votes allocated has been omitted or altered; or the candidate's name or ID number is found not to conform to that on the original documents.</p> <ol style="list-style-type: none"> <li>5. The elector has intermixed other text or figures in addition to the candidate's name, shareholder's account number or ID number, and number of votes allocated.</li> <li>6. The number of candidates on the ballot exceeds the specified number.</li> </ol>	<p>Amendment of text and change in numbering of articles.</p>

Article before amendment		Article after amendment		Explanation
	number or ID number, and number of votes allocated. 6. The number of candidates on the ballot exceeds the specified number.			
Article 12	If the number of votes allocated is less than the total number of votes vested to shareholders, the votes which are not cast shall be deemed to have been forfeited by that shareholder.	Article 10	If the number of votes allocated is less than the total number of votes vested to shareholders, the votes which are not cast shall be deemed to have been forfeited by that shareholder.	Change in article numbering.
Article 13	The ballot box shall be opened in front of the meeting after the completion of voting. The chairman shall announce the results of voting to the meeting.	Article 11	The ballot box shall be opened in front of the meeting after the completion of voting. The chairman shall announce the names of the elected directors and supervisors in front of the meeting, or the chairman may appoint a master of ceremonies to do so.	Amendment of text and change in article numbering.
Article 14	The Company's Board of Directors shall issue election certificates to each elected director and supervisor.	Article 12	The Company's Board of Directors shall issue election notification to each elected director and supervisor.	Amendment of text and change in article numbering.
Article 15	Any matters not provided in these Regulations shall be handled in accordance with the Company Law and the Company's Articles of Incorporation.			The original content of Article 15 has been incorporated into Article 2 after amendment.
Article 16	These Regulations shall be effective from the date they are approved by the shareholders' meeting. The same shall apply in the case of amendments.	Article 13	These Regulations shall be effective from the date they are approved by the shareholders' meeting. The same shall apply in the case of amendments.	Change in article numbering.

**Resolution:** There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

**Item 2** Proposed by the Board of Directors

**Subject:** Discussion of issue of new shares to raise capital.

**Explanation:** (1) This Company plans to allocate NT\$1,124,468,770 from the earnings as of 2004 for the issue of new shares in order to augment the Company's operating funds and strengthen its financial structure. Of the foregoing

amount, NT\$803,693,320 shall be distributed as shareholders' bonuses, and NT\$320,775,450 shall be distributed as employees' bonuses.

- (2) The new stock shall be issued with a face value of NT\$10 per share. The shareholders' rights and obligations of the new shares are the same as those of existing shares.
- (3) The record date with regard to this issue of new shares shall be determined after obtaining the competent authority's approval. Shareholders registered in the shareholders' register on the record date shall be entitled to 50 new shares per 1,000 existing shares in proportion to the total capitalized amount of shareholders' bonus approved by the shareholders' meeting. For fractional shares, the distribution will be made in the form of cash calculated at face value and such shares will be purchased by the Employee Welfare Committee of the Company.
- (4) If the conversion of euro convertible bonds to common shares by bondholders prior to the record date for cash dividends and stock dividends results in the change of the number of the Company's issued and outstanding shares, it is proposed to authorize the Board of Directors to adjust the stock dividend and cash dividend rate in accordance with the actual number of outstanding shares.
- (5) This proposal is submitted for discussion and approval.

**Resolution:** There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

**Item 3** Proposed by the Board of Directors

**Subject:** Discussion of the amendment to Articles of Incorporation.

**Explanation:** (1) The Company plans to revise Articles 30 and 33 of the Articles of Incorporation in order to better meet the Company's business needs. Please see the comparison table of articles of the Company's Articles of Incorporation before and after amendment.

- (2) The proposed amendments are submitted for discussion and approval.

Comparison Table of Articles of Delta Electronics, Inc.'s Articles of Incorporation Before  
and After Amendment

Article	Article before amendment	Article after amendment	Explanation
Article 30	The Company shall allocate the earnings for each fiscal year in the following order: 1. Paying tax; 2. Making up losses for preceding years; 3. Setting aside a legal reserve at 10% of the earnings; 4. Setting aside a special reserve when necessary; 5. The balance after the abovementioned payments are made, together with the undistributed earnings as of the beginning of that fiscal year, shall be allocated pursuant to resolution of the shareholders' meeting in the following order for that fiscal year: (1) no more than 1% as the remuneration for directors and supervisors; (2) at least 3% as the employee bonuses; and (3) the shareholders' dividends: the balance after deducting the preceding two items thereof shall then be allocated as dividends to the stockholders.	The Company shall allocate the earnings for each fiscal year in the following order: 1. Paying tax; 2. Making up losses for preceding years; 3. Setting aside a legal reserve at 10% of the earnings; 4. Setting aside a special reserve when necessary; 5. The balance after the abovementioned payments are made, together with the undistributed earnings as of the beginning of that fiscal year, shall be allocated pursuant to resolution of the shareholders' meeting in the following order for that fiscal year: (1) no more than 1% as the remuneration for directors and supervisors; (2) at least 3% as the employee bonuses; when bonuses are distributed in the form of stock, persons eligible for such distribution shall include employees of the Company's subsidiaries who meet certain qualifications. The Board of Directors, or persons authorized by the Board of Directors, shall stipulate relevant regulations for distribution of employee bonuses; and (3) the shareholders' dividends: the balance after deducting the preceding two items thereof shall then be allocated as dividends to the stockholders.	In conformity with the Company's business needs.
Article 33	These Articles of Incorporation were enacted on July 28, 1975. (the 1 <sup>st</sup> through 36 <sup>th</sup> amendment dates have been omitted for simplicity) The 37 <sup>th</sup> amendment was made on May 18, 2004.	These Articles of Incorporation were enacted on July 28, 1975. (the 1 <sup>st</sup> through 37 <sup>th</sup> amendment dates have been omitted for simplicity) The 38 <sup>th</sup> amendment was made on May 19, 2005.	Addition of the 38 <sup>th</sup> amendment date.

Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

5. Provisional Motions: None.

6. Meeting Adjourned

Chairman: Bruce CH Cheng  
Recorder: Ms. Jill Lee

## Attachment

### Business Report

Dear Shareholders,

Year 2004 is a meaningful year for Delta Electronics, Inc. (the "Company") to demonstrate our achievements in operation, organizational capabilities, financial performance and budget execution. I am pleased to summarize and report on these achievements below:

The Company generated revenues of NT\$56.5 billion on a consolidated basis in 2004, 14% increase compared to 2003. Gross margin of 2004 was NT\$12.3 billion, 16% increase compared to 2003, and the net income after tax was NT\$6.7 billion, 28% increase from the previous year. EPS for year 2004 was NT\$4.20. For power supply business, the Company continued to introduce new modules and expanded our market share in power management system with further strengthened organizational performance to serve its customers in a more innovative and efficient way. In the display business, the Company concentrated on DLP rear-projection TV and successfully maintained technology leadership in the market. In addition to winning the National Gold Award of Excellence for the year, the Company also won several major customers with volume shipment planned in the near future, enabling Delta to fully capitalize on the huge potential of digital display markets. For the component business, Delta not only continued to increase its market share in the components market, but also succeeded in the development of Optical communication, Optical engine and components, as well as mass production of LCD back-light module and CCFL. The Company also kept on developing electronics components for automobiles in order to enter the growingly digitalized and computerized global automobile industry. In the electromechanical business, we continued to strengthen strategic partnerships with the world's leading players in view of a long-term relationship. The Company also successfully manufactured new products such as Servo Motor Drive and Human-machine interface for business opportunities in the future.

The Company has been focusing on developing innovative and high value-added products to provide its shareholders a steady growing rate of return on equity through increase in revenues and profits. I am pleased that the Company's corporate mission received a wide range of recognition in public. The Company has won a lot of awards from its customers last year, amongst which the most honorable ones are that the Company was earmarked as "Supplier of the Year" by both Cisco and Microsoft. It's not

easy for one company to get multiple awards from world-class companies and the “Supplier of the Year” awards are the greatest recognition to the Company's efforts.

Recently, an "Ecological System Evaluation Report for the Millennium Year" report compiled by 1,300 scientists from 95 countries worldwide indicated that natural resources worldwide are overexploited and results in an unnecessary waste of approximately two-thirds of these natural resources. To increase awareness of the deterioration of global natural environment and to prevent any irrecoverable damages that might be caused by such deterioration, we Delta, as the leading manufacturer of power supplies in the world, will take up the challenge and dedicate ourselves to environmental conservation and energy saving.

The Company continued to concentrate on upgrading the efficiency of power-related products and the development of products with energy-saving features such as ballast, AC motor drive, Inverter for renewable energy, and Fuel-cell components. For years, the Company has implemented a green and lead-free production process and enforced practices of recycling and waste management, and the Company has been recognized as a "Green Partner" from SONY Corporation. Besides developing products, Delta also deployed energy conservation concept into its daily operation. For example, a solar panel has been installed on the roof of the headquarters in Taipei to generate part of the electricity needed for operation. The "Green Factory" in Tainan Science Park will be ready for operation by the second half of year 2005. Energy conservation measures such as installment of solar heating water system and burn-in energy recycling system are common in major production plants. We also integrate the notion of “green building” into the construction of the R&D centers in Taiwan and Shanghai. Furthermore, Delta formed a joint venture with an R&D team from Industrial Technology Research Institute to develop solar cells in order to further contribute to the development of alternative and renewable energies.

Apart from maintaining its original strengths in developing new products and new markets, the Company will continue to enhance organizational capabilities and integrate internal and external resources to expedite new product development cycle. Furthermore, the Company will maintain an even more stringent quality standard in order to preserve customer trust as well as to increase the flexibility and efficiency of manufacturing process. In addition to mass production, the Company has also actively established capability in working island production process to meet customer needs for high variety but small volume production.

The Company has set high targets for 2005 and I believe we can excel our goals. I want to take this chance to thank the Board of Directors, Supervisors, shareholders,

customers, suppliers and employees for their long-time support and contribution to the success of the Company. Going forward, we will continue to do our best to meet the expectation from all stakeholders.

Sincerely yours,

Bruce CH Cheng

REPORT OF INDEPENDENT ACCOUNTANTS

To Delta Electronics, Inc:

We have audited, in accordance with the "Rules Governing the Audit of Financial Statements By Certified Public Accountants" and auditing standards generally accepted in the Republic of China, the balance sheets of Delta Electronics, Inc. as of December 31 2004 and 2003, and the related statements of income, of changes in stockholders' equity and of cash flows for the years then ended appearing in the shareholders' meeting minutes and agenda, and in our report dated February 3, 2005, in which the financial statements of certain investee companies for the years ended December 31, 2004 and 2003, accounted for under equity method, were audited by other auditors whose reports thereon have been furnished to us. The total amount of long-term investments in these investee companies were NT\$1,274,021,000 and NT\$1,597,917,000 as of December 31, 2004 and 2003, respectively, and the related investment income were NT\$88,624,000 and NT\$154,829,000 for the years then ended, respectively. We expressed a modified unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.



PricewaterhouseCoopers

February 3, 2005

DELTA ELECTRONICS, INC.  
BALANCE SHEETS  
DECEMBER 31,  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 11,348,057	\$ 5,778,174
Short-term investments	-	3,658,410
Notes receivable, net	34,510	60,987
Accounts receivable	9,073,078	6,868,087
Accounts receivable, net - related parties	2,120,197	1,747,822
Other receivables	188,293	219,933
Other receivables - related parties	6,387,673	248,885
Other financial assets - current	21,810	22,666
Inventories	1,373,237	1,178,007
Deferred income tax assets - current	18,874	-
Other current assets - other	77,279	34,139
<b>Total current assets</b>	<u>30,643,008</u>	<u>19,817,110</u>
<b>Funds and Long-term Investments</b>		
Long-term investments accounted for under the equity method	19,132,191	29,850,862
Long-term investments accounted for under the cost method	2,053,597	1,743,640
Cash surrender value of life insurance	72,431	69,035
<b>Total funds and long-term investments</b>	<u>21,258,219</u>	<u>31,663,537</u>
<b>Other Financial Assets - Non-Current</b>	<u>-</u>	<u>101,925</u>
<b>Property, Plant and Equipment, Net</b>		
<b>Cost</b>		
Land	801,620	674,801
Buildings	1,955,676	1,762,670
Machinery and equipment	713,348	470,308
Molding equipment	332,343	310,048
Computer and communication equipment	339,854	295,718
Testing equipment	1,076,629	973,454
Transportation equipment	20,870	18,323
Office equipment	112,181	115,966
Revaluation increments	168,738	168,738
Cost and revaluation increments	5,521,259	4,790,026
Less: Accumulated depreciation	( 2,210,132)	( 1,896,843)
Construction in progress and prepayments for equipment	194,366	119,745
<b>Total property, plant and equipment, net</b>	<u>3,505,493</u>	<u>3,012,928</u>
<b>Other Assets</b>		
Assets leased to others	665,627	951,834
Refundable deposits	8,465	6,167
Deferred expenses	210,137	207,451
<b>Total other assets</b>	<u>884,229</u>	<u>1,165,452</u>
<b>TOTAL ASSETS</b>	<u>\$ 56,290,949</u>	<u>\$ 55,760,952</u>

(Continued)

DELTA ELECTRONICS, INC.  
BALANCE SHEETS  
DECEMBER 31,  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2004	2003
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term loans	\$ 158,925	\$ 1,400,000
Bills payable	-	1,598,148
Accounts payable	514,450	660,306
Accounts payable - related parties	12,209,989	9,075,831
Accrued expenses	821,471	704,588
Other payables	266,745	190,863
Receipts in advance	281,268	226,617
Deferred income tax liabilities - current	-	93,072
Other current liabilities - other	7,666	273,521
Total current liabilities	14,260,514	14,222,946
<b>Long-term Liabilities</b>		
Bonds payable	6,337,929	6,795,000
<b>Reserves</b>		
Land value incremental reserve	80,945	80,945
<b>Other Liabilities</b>		
Accrued pension liabilities	497,189	398,381
Guarantee deposits received	5,912	6,385
Deferred income tax liabilities - non-current	1,981,792	2,572,980
Other liabilities - other	2,875	2,813
Total other liabilities	2,487,768	2,980,559
Total liabilities	23,167,156	24,079,450
<b>Stockholders' Equity</b>		
<b>Capital</b>		
Common stock	15,859,720	14,802,730
<b>Capital Reserves</b>		
Capital reserve from conversion of convertible bonds	6,577,417	6,560,927
Capital reserve - other	275,613	275,613
<b>Retained Earnings</b>		
Legal reserve	3,237,641	2,716,104
Undistributed earnings	7,620,513	5,942,366
<b>Other Adjustments to Stockholders' Equity</b>		
Unrealized loss on market value decline of long-term equity investments	( 2,967)	( 2,690)
Cumulative translation adjustments	( 444,144)	1,386,452
Total stockholders' equity	33,123,793	31,681,502
<b>Commitments and Contingent Liabilities</b>		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 56,290,949</b>	<b>\$ 55,760,952</b>

**DELTA ELECTRONICS, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)**

	2004		2003
Operating Revenues			
Sales	\$ 43,170,353	\$	37,578,264
Sales returns	( 171,587)	(	161,363)
Sales discounts	( 174,920)	(	202,985)
Net Sales	42,823,846		37,213,916
Service income	3,591,847		3,386,481
Net Operating Revenues	46,415,693		40,600,397
Operating Costs			
Cost of goods sold	( 42,351,175)	(	37,008,138)
Gross profit	4,064,518		3,592,259
Unrealized (gain) loss from intercompany transactions	( 2,875)	(	134)
Realized gain (loss) from intercompany transactions	134	(	12,079)
Gross profit, net	4,061,777		3,580,046
Operating Expenses			
Sales and marketing expenses	( 528,197)	(	483,220)
General and administrative expenses	( 869,322)	(	715,269)
Research and development expenses	( 2,232,969)	(	2,212,681)
Total Operating Expenses	( 3,630,488)	(	3,411,170)
Operating income	431,289		168,876
Non-operating Income and Gains			
Interest income	94,399		69,434
Investment income accounted for under the equity method	4,922,443		3,676,799
Dividend income	30,842		42,853
Gain on disposal of property, plant and equipment	7,603		21,160
Gain on disposal of investments	37,113		179,792
Foreign exchange gain, net	309,871		264,479
Rental income	42,037		44,202
Other non-operating income	432,518		398,659
Non-operating Income and Gains	5,876,826		4,697,378
Non-operating Expenses and Losses			
Interest expense	( 58,355)	(	65,965)
Other investment loss	( 66,126)	(	-
Loss on disposal of property, plant and equipment	( 2,106)	(	1,672)
Loss on physical count of inventories	( 1,566)	(	-
Provision for loss on inventory obsolescence and market price declines	( 159,960)	(	49,582)
Other non-operating losses	( 60,960)	(	58,071)
Non-operating Expenses and Losses	( 349,073)	(	175,290)
Income from continuing operations before income tax	5,959,042		4,690,964
Income tax benefit	702,656		524,409
Net income	\$ 6,661,698	\$	5,215,373
	Before Tax	After Tax	Before Tax
Earnings Per Share (in Dollars)			
Basic Earnings Per Share			
Net income	\$ 3.76	\$ 4.20	\$ 2.96
Diluted Earnings Per Share			
Net income	\$ 3.46	\$ 3.87	\$ 2.86
	\$ 3.17		\$ 3.17

DELTA ELECTRONICS, INC.  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31,  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Retained Earnings					Total
	Common stock	Capital reserve	Legal reserve	Undistributed earnings	Unrealized loss on market value decline of long-term investments	
<b>2003</b>						
Balance at January 1, 2003	\$ 13,878,790	\$ 6,836,540	\$ 2,288,536	\$ 4,938,875	(\$ 96,227)	\$ 30,134,082
Distribution of 2002 earnings:						
Appropriation of legal reserve	-	-	427,568	(427,568)	-	-
Directors' and supervisors' remuneration	-	-	(2,100)	(2,100)	-	(2,100)
Employees' bonus	230,000	-	-	230,000	-	-
Issuance of stock dividends	693,940	-	-	693,940	-	-
Cash dividends	-	-	-	(2,775,758)	-	(2,775,758)
Adjustments due to change in long-term investment ownership percentage	-	-	-	(82,516)	-	(82,516)
Proportional adjustment on investees' unrealized loss on market value decline of long-term investments	-	-	-	-	93,537	93,537
Cumulative translation adjustments on foreign long-term investments	-	-	-	-	(901,116)	(901,116)
Net income for the year	\$ 14,802,730	\$ 6,836,540	\$ 2,716,104	\$ 5,215,373	(\$ 2,690)	\$ 5,215,373
Balance at December 31, 2003	\$ 14,802,730	\$ 6,836,540	\$ 2,716,104	\$ 5,942,366	(\$ 2,690)	\$ 31,681,502
<b>2004</b>						
Balance at January 1, 2004	\$ 14,802,730	\$ 6,836,540	\$ 2,716,104	\$ 5,942,366	(\$ 2,690)	\$ 31,681,502
Distribution of 2003 earnings:						
Appropriation of legal reserve	-	-	521,537	(521,537)	-	-
Directors' and supervisors' remuneration	-	-	(13,000)	(13,000)	-	(13,000)
Employees' bonus	312,734	-	-	312,734	-	-
Issuance of stock dividends	740,136	-	-	740,136	-	-
Cash dividends	-	16,490	-	(3,330,613)	-	(3,330,613)
Adjustments due to change in long-term investment ownership percentage	-	-	-	(44,748)	-	(44,748)
Proportional adjustment on investees' adjustment for change in long-term investment ownership percentage	-	-	-	(20,783)	-	(20,783)
Proportional adjustment on investees' unrealized loss on market value decline of long-term investments	-	-	-	-	277	277
Cumulative translation adjustments on foreign long-term investments	-	-	-	-	(1,830,596)	(1,830,596)
Net income for the year	\$ 15,859,720	\$ 6,853,030	\$ 3,237,641	\$ 6,661,698	(\$ 2,967)	\$ 6,661,698
Balance at December 31, 2004	\$ 15,859,720	\$ 6,853,030	\$ 3,237,641	\$ 7,620,513	(\$ 444,144)	\$ 33,123,793

DELTA ELECTRONICS, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2004	2003
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 6,661,698	\$ 5,215,373
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for (reversal) of allowance for doubtful accounts	( 3,573)	40,759
Depreciation (including rental assets) and amortization	461,472	461,833
Gain on disposal of property, plant and equipment, net	( 5,497)	( 19,488)
Exchange gain on revaluation of foreign currency denominated convertible bonds	( 436,461)	( 85,463)
Investment income recognized under equity method and other investment loss-net	( 4,856,317)	( 3,676,799)
Loss(gain) on disposal of long-term investment	3,656	( 96,319)
Loss on inventory market value decline and obsolescence	159,960	49,582
Cash dividend received from investee companies accounted for under the equity method	8,978,174	1,899,417
Changes in assets and liabilities		
Notes receivable	26,477	( 3,239)
Accounts receivable	( 2,201,418)	296,081
Accounts receivable-related parties	( 372,375)	507,229
Other receivables	31,640	( 21,663)
Other receivables-related parties	( 204,506)	6,014
Inventories	( 355,190)	491,840)
Other current assets	( 43,140)	12,057
Accounts payable	( 145,856)	244,465
Accounts payable - related parties	3,134,158	( 796,543)
Accrued expenses	116,883	( 46,206)
Other payables	75,882	72,292
Receipts in advance	54,651	106,249
Other current liabilities	( 265,855)	239,624
Deferred income tax	( 703,134)	( 537,362)
Accrued pension liabilities	98,808	76,078
Other liabilities-others	2,742	( 29,511)
Net cash provided by operating activities	10,212,879	3,422,620

(Continued)

**DELTA ELECTRONICS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	2004	2003
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Decrease (increase) in short-term investments	\$ 3,658,410	(\$ 324,825)
Decrease (increase) in other financial assets - current	856	( 16,316)
Acquisition of long-term investments	( 1,550,538)	( 714,665)
Proceeds from disposal of long-term investments	373	222,911
Increase in cash surrender value of life insurance	( 3,396)	( 5,174)
Decrease (increase) in other financial assets - non-current	101,925	( 67,175)
Acquisition of property, plant and equipment	( 608,190)	( 388,778)
Proceeds from disposal of property, plant and equipment	46,077	111,066
(Increase) decrease in refundable deposits	( 2,298)	5,870
Increase in deferred charges	( 102,906)	( 118,326)
Net cash provided by (used in) investing activities	1,540,313	( 1,295,412)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Decrease in short-term loans, net	( 1,241,075)	( 704,500)
Decrease in commercial paper payable	( 1,598,148)	( 697,217)
Proceeds from issuance of convertible bonds	-	6,876,910
Payment for redemption of convertible bonds	-	( 27,027)
(Decrease) increase in guarantee deposits received	( 473)	473
Payment of directors' and supervisors' remuneration	( 13,000)	( 2,100)
Payment of cash dividends	( 3,330,613)	( 2,775,758)
Net cash (used in) provided by financing activities	( 6,183,309)	2,670,781
Increase in cash and cash equivalents	5,569,883	4,797,989
Cash and cash equivalents at beginning of year	5,778,174	980,185
Cash and cash equivalents at end of year	\$ 11,348,057	\$ 5,778,174
<b><u>Supplemental disclosures of cash flow information</u></b>		
Cash paid during the year for interest	\$ 58,766	\$ 66,862
Cash paid during the year for income taxes	\$ -	\$ 2,909
<b>Investing and financing activities:</b>		
Employees' stock bonus	\$ 312,734	\$ 230,000
Dividend receivables from investee company accounted for under the equity method	\$ 5,934,282	\$ -
Shares issued for conversion of convertible bonds	\$ 20,610	\$ -

## 2004 Supervisors' Report

The Board of Directors has prepared and submitted to the supervisors the Company's 2004 Business Report, Financial Statements, and proposal for distribution of earnings. The Business Report, Financial Statements, and earnings distribution proposal have been examined by and determined to be correct and accurate by the undersigned, the supervisors of Delta Electronics, Inc. According to Article 219 of the Company Law, we hereby submit this report.

For the 2005 General Shareholders' Meeting of Delta Electronics, Inc.

Supervisor Chung-Hsing Huang

Supervisor E-Ying Hsieh

February 25, 2005