

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



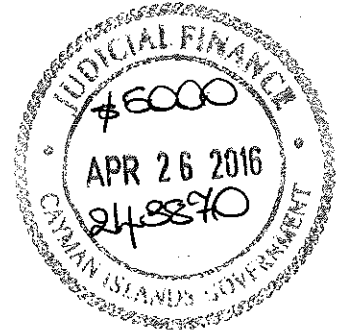
CAUSE NO: FSD0050 OF 2016

IN THE MATTER OF SECTION 15 OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF REDUCTION OF SHARE CAPITAL OF DELTA
NETWORKS HOLDING LIMITED



PETITION



TO: THE GRAND COURT

THE HUMBLE PETITION of Delta Networks Holding Limited, whose registered office is at the offices of Offshore Incorporations (Cayman) Limited, Floor 4, Willow House, Cricket Square, PO Box 2804, Grand Cayman KY1-1112, Cayman Islands **SHOWS THAT:**

Background

1. Your Petitioner, Delta Networks Holding Limited (the "Company") was incorporated on 22 November 2002 as an exempted company limited by shares under the Companies Law of the Cayman Islands (as amended) (the "Companies Law").
2. The Company was formed for the special purpose of conducting investments business as set forth in Article 3 of the Memorandum and Articles of Association of the Company. The objects for which the Company was formed are unrestricted, and the Company has full power and authority to carry out any object not prohibited by the Companies Law.

Share Capital and Shareholders of the Company

3. There is currently only one shareholder of the Company holding ordinary shares.
4. The sole shareholder of the Company is Delta Electronics Inc. whose registered office is at No.31-1, Xingbang Rd., Guishan Dist., Taoyuan City 33370, Taiwan (R.O.C.), which holds 83,800,000 ordinary shares in the Company (the "Shareholder"). The Shareholder is a member of the same corporate group to which the Company belongs and there is some commonality of directors between the Shareholder and the Company.
5. The Company was incorporated on 22 November 2002 with an authorised share capital of US\$50,000,000 consisting of 50,000,000 ordinary shares of US\$1.00 each. Its issued share capital as at 22 November 2002 was US\$28,400,000 consisting of 28,400,000 ordinary share of US\$1.00.
6. From the incorporation of the Company until 12 December 2003, the Company issued a total of 39,800,000 ordinary shares to the Shareholder.
7. On 24 May 2006, the authorised share capital of the Company was increased from US\$50,000,000 to US\$150,000,000 by the creation of 100,000,000 ordinary shares of US\$1.00 each by ordinary resolution. On 27 November 2015 the Company issued a further 44,000,000 shares, making a total of 83,800,000 of ordinary shares in issue.
8. The Company has not issued any ordinary shares since 27 November 2015.
9. As at the date of this Petition, the authorised share capital of the Company is US\$150,000,000 consisting of 150,000,000 ordinary shares of US\$1.00 each. The issued and fully paid-up share capital of the Company is US\$83,800,000 consisting of 83,800,000 ordinary shares of US\$1.00 each.
10. The Company has never repurchased or redeemed any shares or carried out any share capital reduction since its incorporation.

The Company's Financial Position

11. The Company was established as a holding company to operate as an investment business and to transmit value to its sole shareholder.
12. The Company's legal advisor, Walkers, is the only current creditor of the Company (the "**Creditor**"). The Creditor consents to the Company presenting this Petition.
13. The directors of the Company (the "**Directors**") have carefully considered the unaudited financial statements of the Company for the period of 1 January 2016 to 31 March 2016 and the most recent balance sheet of the Company dated 31 March 2016. The Company was in a net asset position of US\$413,132,936.05.
14. In the event that the capital reduction, which is described in detail below, is approved by the Court, the assets of the Company would reduce by US\$82,000,000, which equates to a reduction of US\$0.97852 per ordinary share. Taking this hypothetical reduction into account and in view of the net asset position described at paragraph 13 above, there would still be more than sufficient headroom in the Company's financials to ensure the Company's ongoing ability to meet the small obligation owed to the only creditor of the Company.

Purpose of the Proposed Capital Reduction

15. The Company's capital requirements are significantly in excess of its needs: in order to bring them down to an acceptable operating level, a capital reduction is required the result of which will be a return of a portion of its capital to its shareholder.
16. The Directors are of the view that in order to achieve this, the Company should pay off excess paid-up share capital.

Form of the Proposed Capital Reduction

17. The proposed capital restructuring requires the reduction of the par value of each ordinary share of the capital of the Company from US\$1.00 to US\$0.02148. The result of this will be that the authorised share capital shall be reduced from US\$150,000,000 consisting of 150,000,000 ordinary shares of US\$1.00 each to US\$3,222,000 consisting of 150,000,000 ordinary shares of US\$0.02148 each (the "**Proposed Capital Reduction**").
18. Upon completion of the Proposed Capital Reduction:
 - (a) the credit which arises as a result of the Proposed Capital Reduction will be paid to the Shareholder in proportion to the amount of ordinary shares held by the Shareholder, or in a manner otherwise permitted by the Companies Law; and
 - (b) the total number of shares held by the Shareholder will not be altered.

Directors' and Shareholder Resolutions

19. Article 33(d) of the articles of association of the Company (the "**Articles of Association**") states that:

"Without prejudice to Article 11 hereof and subject to the provisions of the Statute, the Company may by Special Resolution reduce its share capital and any capital redemption reserve fund."

20. Further, Article 1 of the Articles of Association provides that:

*"**Special Resolution**" has the same meaning as in the Statute and includes a resolution approved in writing as described therein.*

*"**Statute**" means that Companies Law of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in force.*

21. On 25 April 2016, the Directors passed resolutions to recommend to the Shareholder that:

"conditional upon: (i) approval of the Proposed Capital Reduction by the Grand Court of the Cayman Islands (the "Cayman Islands Court"); (ii) registration by the Registrar of Companies of the Cayman Islands of the order of the Cayman Islands Court confirming the Proposed Capital Reduction and the minute approved by the Cayman Islands Court containing the particulars required under the Companies Law of the Cayman Islands in respect of the Proposed Capital Reduction; and (iii) compliance with any condition as may be imposed by the Cayman Islands Court in relation to the Proposed Capital Reduction:

- (a) the Proposed Capital Reduction be effected by the reduction of the par value of each ordinary share in the capital of the Company from US\$1.00 to US\$0.02148, such that the authorised share capital shall be reduced from US\$150,000,000 consisting of 150,000,000 ordinary shares of US\$1.00 each to US\$3,222,000 consisting of 150,000,000 ordinary shares of US\$0.02148 each;*
- (b) upon the completion of the Proposed Capital Reduction:*
 - (i) the credit which arises as a result of the Proposed Capital Reduction be paid to the Shareholder in proportion to the amount of shares held by it, or in a manner otherwise permitted by the Companies Law; and*
 - (ii) the total number of shares held by the Shareholder not be altered.*
- (c) the necessary shareholders' resolutions be passed to this end."*

22. By special resolution passed as written resolutions dated 25 April 2016, the Shareholder resolved, inter alia, that:

"conditional upon (i) approval of the Proposed Capital Reduction by the Grand Court of the Cayman Islands (the "Cayman Islands Court"); (ii) registration by the

Registrar of Companies of the Cayman Islands of the order of the Cayman Islands Court confirming the Proposed Capital Reduction and the minute approved by the Cayman Islands Court containing the particulars required under the Companies Law of the Cayman Islands in respect of the Proposed Capital Reduction; and (iii) compliance with any condition as may be imposed by the Cayman Islands Court in relation to the Proposed Capital Reduction:

- (a) the Proposed Capital Reduction be effected by the reduction of the par value of each ordinary share in the capital of the Company from US\$1.00 to US\$0.02148, such that the authorised share capital shall be reduced from US\$150,000,000 consisting of 150,000,000 ordinary shares of US\$1.00 each to US\$3,222,000 consisting of 150,000,000 ordinary shares of US\$0.02148 each;*
- (b) upon the completion of the Proposed Capital Reduction:*
 - (i) the credit which arises as a result of the Proposed Capital Reduction be paid to the Shareholder in proportion to the amount of shares held by it or in a manner otherwise permitted by the Companies Law; and*
 - (ii) the total number of shares held by the Shareholder not be altered.*

*((a) and (b) together, "**Resolution 1**");*

"Subject to the Proposed Capital Reduction being effected as set out in Resolution 1 above, clause 6 of the memorandum of association of the Company be amended by deleting it entirely and replacing it with the following provision:

"6. The share capital of the Company is US\$3,222,000 divided into 150,000,000 shares of a nominal or par value of US\$0.02148 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2002 Revision) and the Articles of Association and to issue any part of its capital, whether

original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained PROVIDED ALWAYS that, notwithstanding any provision to the contrary contained in this Memorandum of Association, the Company shall have no power to issue bearer shares, warrants, coupons or certificates."

("Resolution 2"); and

23. The following resolutions were then passed by the Shareholder as ordinary resolutions:

"IT IS RESOLVED that, in connection with or to carry out the actions contemplated by the foregoing resolutions, the Directors, any officer or (if applicable) any attorney or duly authorised signatory of the Company (any such person being an "Attorney" or "Authorised Signatory" respectively) be, and such other persons as are authorised by any of them be, and each hereby is, authorised, in the name and on behalf of the Company, to do such further acts and things as the Directors or any officer or such duly authorised other person shall deem necessary or appropriate, including to do and perform (or cause to be done and performed), in the name and on behalf of the Company, all such acts and to sign, make, execute, deliver, issue or file (or cause to be signed, made, executed, delivered, issued or filed) with any person including any governmental authority or agency, all such agreements, documents, instruments, certificates, consents or waivers and all amendments to any such agreements, documents, instruments, certificates, consents or waivers and to pay, or cause to be paid, all such payments, as any of them may deem necessary or advisable in order to carry out the intent of the foregoing resolutions, the authority for the doing of any such acts and things and the signing, making, execution, delivery, issue and filing of such of the foregoing to be conclusively evidenced thereby."

("Resolution 3"); and

"IT IS RESOLVED that any and all actions of the Company, or of the Directors or any officer or any Attorney or Authorised Signatory, taken in connection with the actions contemplated by the foregoing resolutions prior to the execution hereof be and are hereby ratified, confirmed, approved and adopted in all respects as fully as if such action(s) had been presented to for approval and approved by, the Directors prior to such action being taken."

("Resolution 4").

24. The Proposed Capital Reduction in the form proposed does not involve (i) an alteration or variation to the rights attached to the Company's shares; or (ii) a diminution of the liability of the Shareholder in respect of amounts unpaid on issued share capital.

25. The form of the Minute proposed to be registered is as follows:

"The authorised share capital of Delta Networks Holding Limited was by virtue of a special resolution passed unanimously by its sole shareholder, and with the sanction of an order of the Grand Court of the Cayman Islands dated [...], reduced from US\$150,000,000 consisting of 150,000,000 ordinary shares of US\$1.00 each to US\$3,222,000 consisting of 150,000,000 ordinary shares of US\$0.02148 each. As at the date of registration of this minute, 83,800,000 of the said ordinary shares have been issued and fully paid up."

YOUR PETITIONER THEREFORE HUMBL Y PRAYS THAT:

1. The Proposed Capital Reduction of the Company proposed to be effected by the special resolution set forth in paragraph 22 of this Petition be confirmed and the Minute set forth in paragraph 25 of this Petition be approved by the Court.

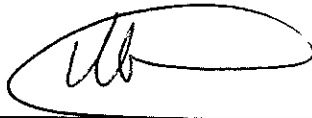
2. To this end all necessary inquiries and directions may be made and given; and/or

3. Such other order may be made in the premises as the Court shall deem fit.

AND YOUR PETITIONER WILL EVER PRAY ETC:

DATED this 26 day of April 2016

FILED this day of 2016



WALKERS
ATTORNEYS-AT-LAW FOR THE COMPANY

NOTE: It is not intended to serve this Petition on any person.

THIS petition was presented by Walkers Attorneys-at-Law of 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands for the Company, whose address for service is that of its said Attorneys-at-Law.

ENDORSEMENT

This petition, having been presented to the Grand Court of the Cayman Islands on the ___ day of _____ 2016 will be heard at the Grand Court of the Cayman Islands on:

Date:

Time:

(or as soon thereafter as the petition can be heard).