

REPORT ON CORPORATE GOVERNANCE

The Board of Directors recognizes on the importance of good corporate governance and has approved and announced the implementation of the corporate governance policies that are regarded as the joint responsibility of management and employees since 2007 and disclose it on the Company's website, www.deltathailand.com, and intranet. The most updated policies were revised on November 10, 2008 to comply with the new amended Securities and Exchange Act (No. 4) B.E. 2551 but still emphasizes on 5 major categories as follows.

- Rights of Shareholders
- Equitable Treatment of Shareholders
- Role of Stakeholders
- Disclosure and Transparency
- Responsibilities of the Board

(Please find further details of the Company's Corporate Governance Policies in the Company's website: www.deltathailand.com)

With the continuing implementation of corporate governance principles, particularly in the arrangement of Annual General Meeting of Shareholders (AGM), the Company, as a result, achieved the satisfactory score of ≥ 90 or equivalent to "Excellent" and is one of the top 74 among 486 listed companies who received a score of over 100 points as rated by Thailand's Securities and Exchange Commission Office (SEC) with the cooperation of Thai Investors Association and Listed Companies for 2 consecutive years. In addition, in 2008 we also earned the "Very Good" scoring on the Corporate Governance Rating surveyed by Thai Institute of Directors Association (IOD) with supports from the SEC and SET. The implementation on the good corporate governance during the year 2008 can be summarized as follows.

1) Rights of Shareholders

The Company always respects the rights of the shareholders and treats them equitably according to the relevant laws and notifications.

The Company generally holds an annual general meeting of shareholders (AGM) once a year within four months after each fiscal year end. In 2008, the Company held the AGM on April 3, 2008 and the meeting notice was published in a Thai daily newspaper for three consecutive days and at least three days before the meeting date. To ensure that the shareholders would have adequate time to review the agenda, the Company had requested TSD (Thailand Securities Depository Co., Ltd) who acts as the Company's registrar to send out the meeting notice in both Thai and English together with other supporting information and documents to all shareholders 14 days prior to the AGM date and all those documents and the notice were also made available to the shareholders through the Company's website 30 days in advance. The meeting notice had expressly indicated the matters to be tabled at the meeting, whether for acknowledgement, approval or consideration, including the board's opinion on each matter. To provide sufficient information to shareholders, other supporting information and documents including list of necessary evidences that the shareholders must present to identify themselves at the meeting as well as proxy form were also enclosed to the meeting notice to facilitate shareholders in case they can not attend the meeting and wish to give proxy to others. Attendance registration had commenced approximately 1 hour before the meeting started. Shareholders who came late were allowed to vote for the remaining agenda. Barcode system had been employed to facilitate the attendance registration and vote count. Duty stamps were available to shareholders without charges.

In the meeting, all directors and other key management member such as Chief Financial Officer (CFO) and external auditor attending the meeting to listen to the shareholders' opinions or suggestions and also answer the shareholders' questions. Before the meeting started, the Company had explained regarding meeting quorum, voting procedure and vote count method to the meeting. With regard to the voting criteria, each share is eligible for one vote and an ordinary resolution requires the majority votes (except the voting on a special resolution, the meeting must comply with the Company's articles of



Mr. Ng Kong Meng,
Chairman opening speech
AGM 2008, on April 3, 2008

association). Shareholders who had any interests related to any particular agenda had no right to vote on that matter. At the time of voting, in order to expedite the process, only the ballots voted for objections and abstentions were collected and kept for later inspection. A representative from Allen & Overy (Thailand) Co Ltd was appointed to help inspect the vote count. Before the meeting date, shareholders may submit their questions via fax or e-mail (info@deltathailand.com) to the Company in advance and during the meeting, shareholders were also allowed to raise questions and suggestions to the management and board of directors. Minutes of meeting had been recorded every resolution by expressly indicating the number of approval, objection and abstention votes for each agenda, as well as the questions, answers, opinions and suggestions raised during the meeting and disclosed through the SET and the Company's websites within 14 days after the meeting date (Please find further details in the Minutes of Annual General Meeting No. 1/2008 posted on the Company's website www.deltathailand.com/shareshow.php?idnews=30)

2) Equitable Treatment of Shareholders

The Company has a policy to encourage the equitable treatment of shareholders especially the basic rights of the shareholders.

If the shareholder is unable to attend the meeting, the shareholder may designate any person or any of the Company's nominated independent directors to attend and vote at the meeting on his/her behalf by completing and sending to the Company a proxy form enclosed with the notice of meeting or by downloading the proxy form through the Company's website.

The Company has offered the shareholders an opportunity to propose additional matters to be tabled at the meeting and nominate the candidates to be directors of the Company. In 2008 AGM, the Company had allowed shareholders to propose matters and nominate director during 4-31 December 2007 but there was no proposal and nomination from any shareholder. For 2009 annual general meeting of shareholders, the company has also provided the opportunity to shareholders to propose agenda and nominate director during the period of 15 October – 31 December 2008.

Inside Information

Under the Company's policy, the use of insider information is limited to the executives at the intermediate and top levels within the relevant departments or plants. Employees are

prohibited to take advantage of the inside information to profit third parties or to obtain personal benefits. Violation is regarded as misconduct. In addition, the Company informs its directors and executives of their duty to disclose the information on the securities holding by themselves, their spouses and minor children to the Office of the Securities and Exchange Commission (the Office of the SEC). Moreover, all those people are also required to report their own holding of the Company's securities and their related persons' holding of the same to the Company's board on a quarterly basis. Moreover, directors and management including their spouse and minor children are required to report on the change of the Company's securities holding within 3 days after sale or purchase of such securities.

Conflict of Interest

In making any decision on the Company's behalf, the directors and executives must principally take into account the Company's ultimate benefit. If there is a conflict of interest, the directors and/or the executives will submit the matter to the board's meeting or the shareholders' meeting in order for the relevant meeting to review the need for entering into the transaction in question and the effects which the Company may suffer from that transaction. At the time of voting on the connected transaction, the director who has conflict of interest must not vote. In all circumstances, all connected transactions must conform to all applicable regulations and notifications of the SET and the Office of the SEC. Related parties transactions have also been disclosed in the Company's financial statements and the annual information disclosure (Form 56-1)

Code of Conduct

Code of Conduct has been approved and disclosed in the Company's website (www.deltathailand.com/code.html) with the aim to build up the common understanding and awareness along with being able to reach the same ethical standard of all employees. The Code of Conduct covers the following issues.

1. Compliance with laws and Company's regulations
2. The integrity of records
3. Protection of Company's assets
4. Gifts and entertainment
5. Conflict of Interest
6. Protection of Company's intellectual property rights
7. Inside information

3) Role of Stakeholders

The Company recognises the rights and the important role of all stakeholders, i.e. shareholders, customers, employees, business partners, creditors and the society. The Company's stance with regard to this can be described as follows:

Shareholders:

The Company aims to bring a long-term sustainable growth to its business, thereby enhancing the Company's value and ultimately providing favorable returns to its shareholders.

Customers:

The Company is committed to the customer satisfaction and always provides them with the quality and reliable products and services.

Employees:

The Company deems human resource its greatest asset. Several campaigns beneficial to employees were conducted during 2008 as follows.



Breastfeeding Corner Project

After having been inspired by the project of HRH Princess Sriasmi, Royal Consort of His Royal Highness Crown Prince Maha Vajiralongkorn in promoting breastfeeding, the management has arranged “Breastfeeding Corner Project” in the Company’s premises with a believe that it will be beneficial to the employees who mainly are female. Besides, the project also helps in establishing good family relationship and balancing their work and family life.

To promote this campaign, the Company provides a proper area and facilities for breastfeeding to the employees who are mothers and interested in breastfeeding to their kids. The project also includes trainings on health tips during pregnant period, coaching on how to prepare themselves to be a good mother and to feed their kids with breast milk after giving birth. Those mothers who intend to have breastfeeding are permitted for some extra breaks during work to store their milk for their kids. There are over 100 staffs joining this project.

HRH Princess Sirasmi visited Delta Electronics (Thailand) Plc, Bangpoo Industrial Estate, Samutprakarn to observe the “Breastfeeding Corner Project” on October 6, 2008. Mr. Ng Kong Meng, the Chairman and Mr. Anusorn Muttaraid, Director joined with the other top executives and employees of the Company gave a courtesy welcome to the Princess.



Recruitment Camp

Recruitment Camp is a project conducted with purpose to promote the recruitment of qualified newly graduated students. A group of students had been selected to do workshop and some other activities with the Company. Under this campaign, besides being a good public relations program that the participants had a chance to learn more about the Company's business operations, some of these participants would be interested in joining the Company and become valuable asset of the Company in the future.



Recruitment Camp #1 conducted during 22-24 October 2008

Leadership Talent Development Program

A *Leadership Talent Pool Project* has been established with a purpose to develop a group of selected middle management to serve current and future needs of human resources. An intensive and continuous training program has been established by the external professional human resource development consultant. This program is to support the development of leadership capabilities of the managers and supervisors. This will enable the creation of the well equipped leaders to operate effectively in a challenging, demanding multinational business environment and also be one of the effective motivation tools in offering a clearer career path and recognition to this group of employees.



Leadership Talent Development Program conducted on 18-19 December 2008
at Delta Villa Training Center, Bangpakong, Thailand

Other activities

Following the continued efforts in maintaining good relationship and offering with suitable welfare and benefits to all employees, the Company earned the Outstanding Establishment for the achievement on *Labour Relations and Welfare Award* from the Department of Labour Protection and Welfare, the Ministry of Labour, for the third consecutive year and *Thai Labour Standard Certificate - TLS 8001-2003 Certificate at Completion Level in the year 2008* granted by the Minister of Labour.

Business Partners:

The Company always maintains a good relationship with its business partners with whom it works closely to improve the quality of raw materials and products in accordance with mutual requirements.

Creditors:

The Company strictly abides by its obligations and repays to all creditors as promised.

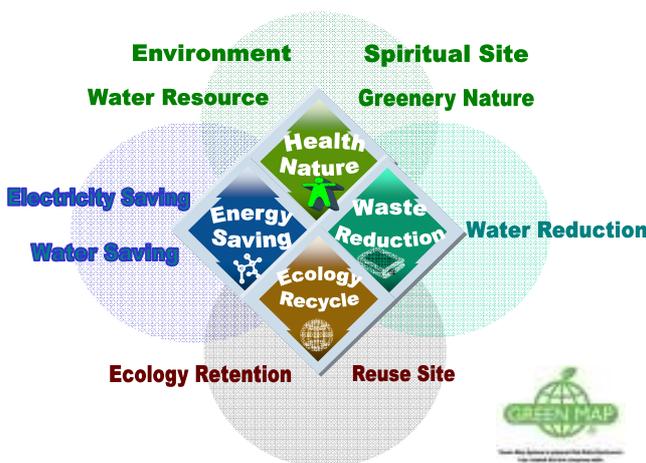
Social & Environmental Responsibility:

The Company realizes that the healthy environment is crucial to the well-being of society, and the globe. The Company is therefore committed to its social and environment policies and provides constant support to social beneficial activities date (Please find further details in the Social & Environmental Policy in the Company’s website www.deltathailand.com/social_main.php).



Solar panel installed on the outside wall of the Rudrapur plant (India) for power generation

Recently, our two new plants in Slovakia and India have been completed under the green building concept. Renewable energy technologies like the installation of solar cells on the outside wall of the Rudrapur plant in India together with some other eco-friendly energy saving practices and waste management system have also been incorporated into those new plants and their supporting facilities.



In addition, Delta Thailand’s both Bangpoo and Wellgrow plants have continuously implemented the Green Map project since last year and will continually implement this program in order to ensure our long term green concept. This project has covered overall activities in the manufacturing plant, admin office and other areas that are able to encourage environmental protection, energy conservations and provide a healthy and safe workplace for employees. Green Map program

aims to promote the awareness of the environmental and global warming situation and encourage employees to participate in the activities with regards to the environmental conservation.



Several types of symbols were assigned to the proper areas of Delta Thailand's plants for development according to Green Map concept

In past year, landscape of both plants in Thailand had been developed into green zones, replacing light bulbs with natural light, conserving other energies, reusing discarded raw materials and separating garbage for destruction or sale for recycling. Several campaigns are carried out every year with new features added in each year to support the ongoing programs and new ideas are always introduced into the campaigns for long term development.

The Company is consistently engaged in corporate social responsibility activities to contribute to the society and provide constant support to social beneficial activities. In every year, Delta's staff donated blood for Thai Red Cross that comes to the Company every 3 months. Scholarship in the form of research fund is given every year to university students such as Kasetsart University in order enhance their research knowledge and skills which will definitely be beneficial to the country.

4) Disclosure and Transparency

The Company has the policy to accurately, adequately and timely disclose the important information, both financial and non-financial, regarding the Company's business and operating results. Interested persons can access such information through the website of the relevant authorities i.e. the Stock Exchange and SEC and also through the Company's website www.deltathailand.com, or telephone or send an email to request for information at info@deltathailand.com. The Company's investor relations division was established to regularly liaise with and provide shareholders, investors, and securities analysts with the Company's information at investor@deltathailand.com. In 2008, the Company's investor relations (IR) had held 8 meetings, or twice per quarter, with stock analysts and investors. International roadshow is generally conducted at least once a year.

5) Responsibilities of the Board

Board Structure

Board of directors is composed of nine directors: six of whom are executives directors, three other are independent directors. Therefore, independent directors account for one-third of the board of directors. This structure allows for optimal balance of power. Qualifications of independent director have been determined in compliance with the SEC regulations.

Currently, the positions of chairman of the board and the president have been held by different individuals, thereby enhancing the accountability and transparency of management. The scope of duties and responsibilities of the board of directors and the president have also been specified clearly and separately. To ensure the director's efficient performance the board of directors requires that each director may retain the office of director in, apart from the Company, in other five listed companies as a maximum. (Please find details of the Board of Directors in the section of Managerial Structure).

Term of Director's office

At each annual general meeting of shareholders, one-third of the directors must vacate from office. If the number of directors is not a multiple of three, the number of directors closest to one-third must vacate from office. A director who vacates from office by rotation is eligible for re-election. For the Annual General Meeting of Shareholders No. 1/2008, the retiring directors were Mr. Ming-Cheng Wang, Mr. Anusorn Muttaraid and Emeritus Professor Supapun Ruttanaporn and those three directors were approved to be re-appointed by the meeting.

Sub Committee

The board of directors appointed sub-committee to review and manage various matters that need detailed attention prior to proposal to the Board of Directors. The board of directors appointed three sub-committees, i.e. the executive committee, audit committee and compensation committee.

Board Meeting

The Company requires that a general board meeting must be held at least four times a year or on a quarterly basis and the board may convene an extraordinary meeting if it is deemed appropriate. The general meetings must be tentatively set in advance with the board's approval. The Company generally sends the notice of meeting to all directors at least seven days prior to the meeting date, however, shorter notice is allowed in case of emergency. A secretary is appointed to the board of directors to help prepare the agenda, notice of meeting and minutes of meeting, organising the meeting, keeping all supporting documents and records and providing advice to ensure that the proceeding of the board meeting is in compliance with all relevant laws and regulations. The minutes of each meeting must be endorsed and kept as evidence at the Company's office.

General Guidelines for Determination of Director and Top Executive Remuneration

The Compensation Committee is responsible for the determination of director and top executive remuneration. However, those remunerations after determined by the Compensation Committee are required to propose to the board of directors for approval and the director remuneration also requires approval from the shareholders' meeting. Guidelines for determination of director remuneration and top executive can be summarized as follows;

1. General Guidelines for Determination of Director Remuneration
 - 1.1 Remuneration package needs to be able to attract and retain good director. Major factors for determining director remuneration are as follows.
 - Scope of works and responsibilities assigned to the director
 - Current market rate
 - The Company's overall performances
 - Other factors that would be identified by the compensation committee or the board of directors
 - 1.2 Remuneration structure would be based entirely on fixed amount or combined fixed and variable amount with meeting allowance or other incentives.
2. General Guidelines for Determination of Top Executive Remuneration
 - 2.1 Remuneration package needs to be able to attract, retain, and motivate the executives.
 - 2.2 Key performance Indications (KPI) of the executives is to be determined by the compensation committee and proposed to the board of directors for approval before end of the fiscal year.

- 2.3 Remuneration or annual raise is to be set based upon KPI achievement and other performances.
- 2.4 Determination of remuneration should take current market rate as a benchmark. Market survey or advice from human resources professional would be used to support the determination at the expense of the Company. (Please find details of the remuneration of directors and top executive in the section of Managerial Structure).

Board Self-assessment

The board will arrange its self assessment once a year to evaluate its overall performance and also to enhance a better understanding and cooperation among all members.

Board and Management Training

The Company has a policy to encourage all the directors, top executives and the company's secretary to participate in internal and external seminars or trainings regarding corporate governance. The external seminars and trainings include those organised by the SET, the Office of the SEC and the Thai Institute of Directors Association (IOD). During 2008, several training courses and seminars had been extended to the director, management and the company secretary. Mr. Supat Limpaporn, the independent director and chairman of the compensation committee had completed the Director Certification Program (DCP), the Role of Compensation Committee arranged by the Thai Institute of Directors (IOD) and together with the Internal audit manager and the Company secretary had attended 2009 Annual Risk Management organized by Thai Listed Companies Association. In order to further enhance knowledge of audit work, the Internal Audit Manager had also completed the Audit Committee Program arranged by IOD. Moreover, the *Leadership Talent Development Project* mentioned earlier, besides being an effective management training program, but is also considered part of the preparation for management succession plan.