

CORPORATE GOVERNANCE REPORT

The Board of Directors realized the importance of operating its business under good corporate governance in order to ensure sustainable growth and development. The corporate governance policy has been put in place and regularly reviewed since 2007. 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 and is currently published on the Company's website, externally for public access on www.deltathailand.com as well as internally on intranet for employee's access. Despite various reviews, the 5 major categories follows remain.

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

(For further details of the Company's Corporate Governance Policies, please visit the Company's website: www.deltathailand.com)

With determination to act as guided by the policy, the Company has been rated "Excellent" for the high standard of Annual General Meeting (AGM) conducted in the year 2009 from the Thai Investors Association. The Company is 1 of the 41 top-ranking companies (out of total 497 listed companies) who obtained a full score of 100 and achieved the "Excellent" level of rating for 3 consecutive years. In addition, in 2009 we also earned the "Very Good" scoring on the Corporate Governance Rating surveyed by Thai Institute of Directors Association (IOD) with supports from The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). The implementation on the good corporate governance activities during the year 2009 can be summarized as follows.

Rights of Shareholders

The Company generally holds an annual general meeting of shareholders (AGM) once a year within four months after each fiscal year end. In 2009, the Company held the AGM on April 3, 2009. The Company provided shuttle services at an easily accessible location and near BTS Station for shareholders who wished to attend the Meeting.

'The Company recognizes the importance of the basic rights of the shareholders and treats them equitably'



○ 2009 Annual General Meeting ○
April 3, 2009

Record date has been applied to determine the shareholders who entitled to attend the 2009 Annual General Meeting of Shareholders. The Company entrusted Thailand Securities Depository Co., Ltd. (TSD) who acts as its registrar to send out invitation for the meeting in both Thai and English together with other supporting information and documents to all shareholders 14 days prior to the AGM date. At the same time, it announced the call for the AGM meeting on a Thai daily newspaper for three consecutive days and at least three days before the meeting date. All those documents were also made available to the shareholders on the Company's website for 30 days in advance. These were identical to what the Company mailed to the shareholders to ensure that the shareholders would have adequate time to review the agenda. The meeting invitation had expressly indicated the matters to be tabled at the meeting, whether for acknowledgement, approval or consideration. In addition, it enclosed the Board's opinions and supported document to ensure that shareholders have sufficient information to consider all issues. To be well prepared for the meeting day, the Company provided a list of necessary evidences must be presented to identify themselves and a proxy form (as outlined by the Ministry of Commerce) to facilitate the shareholders who cannot attend the meeting and wish to give proxy to others. On meeting date, attendance registration 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.

There were 8 directors out of 9 attended the meeting, the Chairman of the Board, Chairman of all sub-committee, President and other key management member such as Chief Financial Officer (CFO) and the external auditor in order to listen to the shareholders' opinions or suggestions and also answered any questions they might had. Before the meeting started, the Company notified number of shareholders who attend meeting in person and proxy, and clarified voting procedure and vote count method. 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 Association). Votes are not allowed to shareholders who have interests related to any particular agenda. For the election of directors, individual votes are required. At the time of voting, in order to expedite the process, only the ballots voted for objections and abstentions were collected and deducted from total votes which attended the meeting and eligible to vote and kept for later inspection. There was no any objection or request for re-inspection from shareholders on such arrangement. The meeting proceeded according to the agenda and had no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A representative from Allen & Overy (Thailand) Co Ltd was appointed to help inspect the vote count. During the meeting, shareholders were allowed to voice their opinions and raise questions in appropriate time. In fact, shareholders may submit their questions by e-mail to info@deltathailand.com, mail or fax to the Company before the meeting date. However, in the meeting, the Board will only attend the questions that related to the Company's operations or considered to create material impact on the operating results.

Minutes of meeting recorded in writing every resolution, showing the number of approval, objection and abstention votes for each agenda. Questions, response, and opinions arose during the meeting were fully documented in order to examine afterwards. Report of the meeting had been disclosed on the website of the SET as well as and the Company's within 14 days after the meeting date (Please find further details in the 2009 Minutes of Annual General Meeting posted on the Company's website www.deltathailand.com/shareshow.php?idnews=30)

A plant tour was organized after the annual general shareholders' meeting. Company's staff showed the shareholders production processes, and also answers various questions for shareholders to better understand the Company's business operations.



Equitable Treatment to Shareholders

If the shareholder is unable to attend the meeting, the shareholder may give a proxy to a person or to the Company's nominated independent directors to attend the meeting and vote on his/her behalf by completing and sending to the Company a proxy form enclosed with the invitation for the meeting or by downloading the proxy form from the Company's website.

"The Company has a policy of encouraging the equitable treatment to shareholders"

In addition, the Company opened for the shareholders to propose additional agenda and an advance nominate candidate to be director of the Company through Company's website during 15 October – 31 December 2008 but none had exercise the rights. For 2010 annual general meeting of shareholders, the Company also provided this opportunity to shareholders during the period of 22 October – 31 December 2009.

Prevention on Usage of Inside Information

Under the Company's policy, the inside information is restricted to the executives from the middle to the top levels within the relevant departments or plants. Use of inside information for personal benefits and lead to damage is deemed serious wrongful. In practice, the Company ruled out that its directors and executives must declare securities holding under their names, their spouses and minor children to the Office of the Securities and Exchange Commission (SEC) to comply by the law. The same information is also required to submit to the Company's Board on a quarterly basis. Since listing on the SET, there is no circumstance related to usage of inside information which leads to significant change of the Company's stock price.

Prevention on Conflict of Interest

In general practice, decision making of the directors and executives must come out in a way to enrich the Company's ultimate benefit. In case of having conflict of interest, the directors or the executives shall submit the issue to the Board or the shareholders' meeting for their consideration on necessity to execute such transaction and potential impact on the

Company if the matter is approved. At the time of voting on the issue, the person who has conflict of interest is not allowed to vote. According to the recent Securities and Exchange Act, the directors and executives of the Company have filed their and their related persons' report on their interest with the Company with an extra copy to the Chairman and Audit Committee Chairperson of the Company through the company's secretary. The first interest report was submitted on September 9, 2009. And such report is required to update annually and submit to the Company by end of January every year. In addition, the Company also deals with related party transaction as regulated by the Securities Exchange Commission (SEC) and also disclosed inter-transaction with its subsidiaries in the Company's financial statements and in the annual information disclosure form (Form 56-1)

Code of Conduct

In order to ensure that the Company performs its business with integrity, transparency and responsible to all interested parties, the Company compiles a Code of Conduct Manual to guide the Board, executives, and employee to act on the same standard. The manual has been published in the Company's intranet and 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. Prohibit on usage of inside information

Role of Stakeholders

The Company gives priority towards lawful rights and agreement to all stakeholders, which are shareholders, customers, employees, business partners, creditors and the society. Mail and e-mail are two established channels to accept suggestion or complaints from stakeholders.

Once arrived, the Company's Secretary will pass them to the executive committee, the audit committee, or the Board of Directors to examine and classify the message as follows.

- 1) Complaints raised by shareholders will be submitted to the Audit Committee or the Board or addressed directly to the audit committee chairperson at the address of the Company specified above
- 2) Complaints raised by customers, suppliers, employees or the public will be submitted to the executives to find out solution and report to the Board for acknowledgement.
- 3) Complaints raised by creditors will be submitted to the executive committee or executive may consider passing on the issue to the Board for further consideration.

The Company's stance with regard to this can be described as follows:



"The Company recognizes the rights and the important role of all stakeholders"

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. Since listing, the Company has been operated profitably and paid dividend consistently at a satisfactory rate. In fact, from 2006 to 2009, dividend payout ranged between 47-82% of respective annual net profits, to which implied annual dividend yield of approximate 7-11%.

Customers:

The Company is committed to the customer satisfaction by always providing them with high quality products with reliable services and consistently maintaining good relationship. The recent evidence is two award winnings in 2009, one by the subsidiary in India who received the "Best Telecom Equipment Manufacturer" award from Bharat Sanchar Nigam Ltd. (BSNL), the world's 7th largest telecommunications company and another by the Company who received the "2009 Supplier of Excellence Award in Productivity" from Black & Decker, the leading global manufacturer and marketer of power tools



Employees:

The Company believes that human resources is the most valuable asset and consequently promotes and supports programs that benefit employees both in form of education and for better quality of life. Key activities in the past year included scholarship awarded to employees and their children who achieved good education results and breastfeeding corner within working place which initiated by the HRH Princess Srirasmi, Royal Consort of His Royal Highness Crown Prince Maha Vajiralongkorn.



To continually progress competency and enhance skill of employees, in 2009, the Company provided training programs both domestically and abroad as follows;

Leadership Talent Development Program



Training of Module 2
India March 2009



Training of Module 3 in Slovakia, July 2009

A “Leadership Talent Development Program (LTD)” was initiated to develop leadership skill to a selected group of management in order to serve the needs of human resources for business expansion in various regions around the globe. This project consists of 4 continuous training courses. The first was conducted in December 2008 in Thailand and the last three completed in 2009 were arranged at the office of subsidiaries in India, Slovakia and Germany. This very first LTD project had totaled 24 participants who entirely completed the training and earned certificates. The second similar project is planned to commence in 2010.



Graduation day for the first LTD program after completed 4 training modules
Soest, Germany, September 2009

Middle Management Program (MMP)

This program was scheduled to train and develop skill on human resource management for middle management staff. Providing knowledge and understanding the chief role is expected to help reduce conflict within the organization. This year, there were 55 participants in total for 2 training sessions, 15-16 and 22-23 August 2009, held at Delta Villa Training Center, Bangpakong, Chachoengsao province.



MMP training at Delta Villa Training Center, Bangpakong, Thailand
August 2009

Employee's Conceptual Development Program

“The Seven Habits of Highly Effective People” was used as a ground for this training for 63 middle-level management, comprised 4 courses, conducted at the training center of Dhonburi Rajabhat University, Samutprakarn.



7 Habits Training, at Dhonburi Rajabhat University, Samutprakarn



Mr. Ming-Cheng Wang, Vice President giving an opening speech for 7 Habits Training

Employee's Welfare Related Activities

Spread out of the H1N1 around the world gives rise to the Company to put strict measures in order to prevent spread in the plant and among the employees. The Company installs temperature detector at its entrance and campaigns for more understanding and prevention on the flu.

As to welfare activities, the Company helps employees who affect by the fall of world economy by negotiate with the Government Housing Bank to extend their debt repayments. The Company also talked to the Government Saving Bank to provide its employees low interest loans to help support daily living. Varieties of vocational trainings have been arranged to help employee to earn extra income on their spare time. Last year, there were trainings on producing perfume and Crochet doll.

The Company unceasingly gives precedence to promote labour relations among employees and managements as well as provides proper welfare to all employees. This has been acknowledged by receiving “*Labour Relations and Welfare Award*” from the Department of Labour Protection and Welfare, the Ministry of Labour, for 4 consecutive years. In addition, the Company was given “*Thai Labour Standard Certificate - TLS 8001-2003 Certificate at Completion Level in the year 2009*” granted by the Minister of Labour.

Business Partners:

The Company at all times maintains good relationship with its business partners, not only perform to fulfill the agreement but also cooperate to work closely to improve the quality of raw materials and products to meet demand of both parties.

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 whole world in the long run. The Company, therefore, firmly carries on the mission “*To provide innovative, clean and efficient energy solutions for a better tomorrow*”. All business operations, from production activities to product development and new technology are performed towards the Mission.

In 2009, the Company further operates business to comply with the Green Map project in order to conserve energy and preserve good environment for the long-term living. At the same time, the Company campaigns for employee to see importance of environment and impact of global warming nowadays and encourages them to help protect environment and reduce use of energy. This project covers activities in all business operation from production to administration and other supporting units. In addition, the Company establishes the Environmental Management System (EMS) and Occupational Health and Safety (OH&S), not only to conserve environment and save energy but also to ensure healthy and safe working environment to employees.

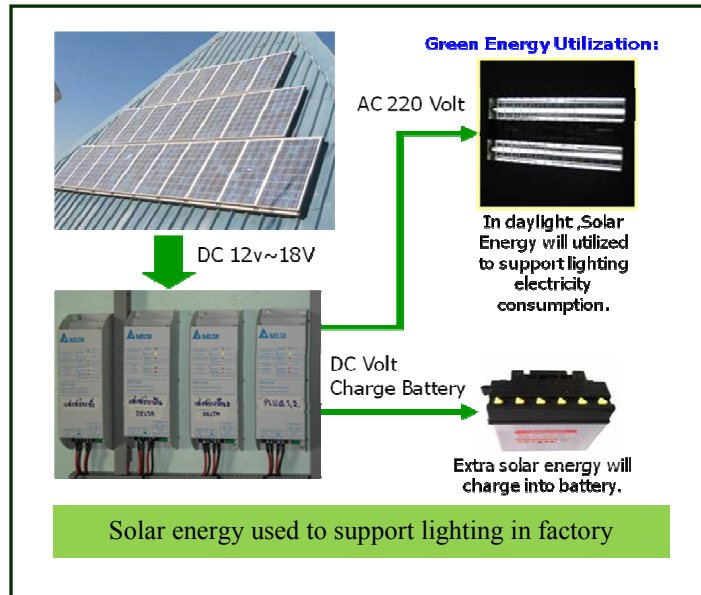
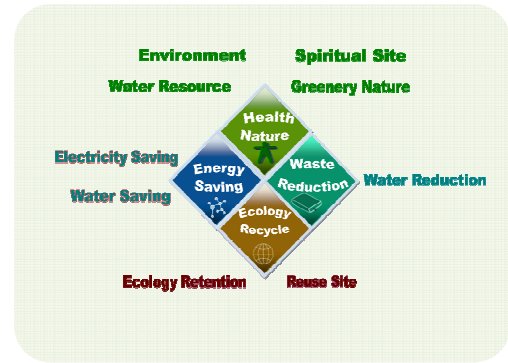
In 2009, the Company participated in the energy conservation program arranged by the Department of Alternative Energy Development and Efficiency, Ministry of Energy and was ranked the 2nd best in saving energy out of 32 participated factories in Bangkok and vicinity.

The Company sets out policy on social responsibility and consistently provides support and engages in various public activities to help the society. Every three months throughout the year, Delta's staff donates blood to Thai Red Cross. Every year, the Company donates money, things, computer equipment, necessary utensils to school and government units. It also provides fund to support research of university students such as Kasetsart University in order to enrich knowledge, competency and skills, which believed to be beneficial to the country (Please see details of the Social & Environment Policy in company website:

www.deltathailand.com/thai/social_main.php)



Donation of stationery and clothes to Prakitlechusak School, Nan Province. Thailand.



Scholarships awarded to students of Rajabhat Thonburi University



Donation of server to Naval Electronics Department

Disclosure and Transparency

The Company has the policy to accurately, adequately and timely disclose the important information so as to allow stakeholders to know about operations, financial position and other information such as Financial Statement, Annual Report and Form 56-1, in both Thai and English.

Information is available on websites of relevant authorities such as the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as well as on the Company's website www.deltathailand.com. In addition, interest persons may telephone or email to request for information at info@deltathailand.com. The Company also has investor relations unit to provide information to shareholders, investors, securities analysts, and others and they can be reached at investor@deltathailand.com.

“The Board of Directors has the policy to accurately, adequately and timely disclose the important information”



Quarterly analyst and press conferences conducted by the top management



In 2009, the Company organized press conference quarterly to clarify its operating results to stock analysts, reporters and general investors and for those people to meet with its executives in a bid to nurture confidence of all stakeholders.

Responsibilities of the Board

Structure of the Board

The Board of Directors comprises nine directors, six of whom are executives and the other three are independent directors. The given one-third independent directors is believed to help balance the board. Qualifications of independent director has been set to meet the criteria ruled by the SEC .

“The Board of Directors must perform its duties faithfully and prudently to maximize benefits of the Company”

Currently, Chairman of the Board and the president are held by two individuals with clearly separated responsibilities. Moreover, roles between the Board and management are also

distinctively defined so as to ensure transparency in administrative work. (Details of the Board about structure, names, and scope of duties can be found in the section of Managerial Structure).

Director's Term of office

At the 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. At the 2009 Annual General Meeting of Shareholders, the first two retired directors, Mr. Ng Kong Meng and Mr. Hsieh, Heng-Hsien were re-appointed while the last retired, Prof. Lee, Ji-Ren who expressed his intention to leave was replaced by Assistant Prof. Liu, Heng-Yih.

Sub-Committee

The Board of Directors appointed sub-committees to help study, scrutinize, and to give opinion on various matters. At present, there are four sub-committees, which are executive committee, audit committee and compensation committee and risk management committee.

Following function units have been established to support the committees.

- Company secretary

The Board of Directors appointed Ms. Duangrat Lertvorasirikul and Ms. Wilailak Funghanakun the Company Secretary. Their main responsibilities are: to prepare meetings, inform and advise on relevant law and regulations, take care of the Board's activities, and coordinate to ensure that the Board's resolutions are put into practice. All are to facilitate efficiency of the Board's administration in order to comply with good corporate governance principle and other responsibilities as required by law.

- Internal Audit

The Internal audit department has been established for over 10 years with the main objective to support the Audit Committee who oversees internal audit tasks. They will help assess adequacy and efficiency of internal control as well as risk management. The Internal Audit reports directly to and works as assigned by the Audit Committee

The Board's Meeting

The Company schedules the board meeting at least four times a year or on a quarterly basis and an extraordinary meeting may be arranged should there be issue to consider. The regular meeting date will be set in advance for the entire year. At least seven days prior to the meeting date, the Company will send out invitation letter with agenda to all directors, In case of emergency, invitation letter may be less than seven days. Each director is free to propose agenda. Company secretary has duties to arrange the meeting, take care and give suggestion to ensure that the meeting is in compliance with all relevant laws and regulations, minutes of meeting has been put in written, and those endorsed by the Board are kept as evidence at the Company's office.

The independent directors may hold a meeting without attendance of management as it sees appropriate. Normally, meeting of the Audit Committee is held without executive participation. The Company's auditor generally attends the Audit Committee meeting on a quarterly basis when reviewing financial statements. In some circumstances, the Audit Committee may request particular executive to clarify issue as it sees fit.

Guidelines for Determination of Director and Top Executive Remuneration

The Compensation Committee is responsible to determine remuneration of directors and top executive. However, those remunerations after determined by the Compensation



Committee are required to propose to the board of directors for approval and the director remuneration is required to seek for further approval from the shareholders' meeting. Follows are some key guidelines;

1. Guidelines for Determination of Director Remuneration

1.1 Remuneration package needs to be able to attract and retain competence director.

Major factors to determine director remuneration include

- Scope of works and responsibilities
- Current market rate
- The Company's overall performances
- Others specified by the compensation committee or the Board

1.2 Remuneration may be entirely fixed or partially fixed with some variable amount such as meeting allowance or other incentives.

2. Guidelines for Determination of Top Executive Remuneration

2.1 Remuneration package needs to be able to attract, retain, and motivate the executive to work at their best.

2.2 The compensation committee must define Key Performance Indicators (KPI) to help assess performance of the top executive and propose to the Board for approval before end of each fiscal year.

2.3 Consideration to adjust remuneration or annual salary will depend upon KPI achievement and other accomplishments.

2.4 Determination of remuneration should take into account the current market rate. Market survey or advice from human resource professional may be used in consideration and at the expense of the Company.

(Please find details of the remuneration of directors and top executive in the section of Managerial Structure).

Performance Assessment of the President

The compensation committee is responsible to determine remuneration and Key Performance Indicators (KPI) of the President and proposes them to the Board for their approval. The KPI must be reviewed annually and performance assessment must be reported to the Board on a quarterly basis.

Risk Management

The Board of Directors appointed Risk Management Committee (Please find details of the Risk Management Committee in the section of Managerial Structure) and approved risk management policy on May 7, 2009.

In 2009, the Risk Management Committee held 3 meetings to review the existing Emergency Preparedness Plan and Recovery & Contingency Procedures to ensure appropriateness to the current situation that natural disasters and epidemics have occurred more often and severely. In addition, it summarized the following key operational risks and gave guidance to manage those risks.

- Foreign Exchange Risk
- Customer Credit Risk
- Raw Material Risk
- Manpower
- Labor Relations

(Please find further details in the section of Risk Factors)



Training for the Board and Management

The Company has a policy to encourage directors, executives and the company's secretary to continuously train on good corporate governance, both organized by internal or external institutions such as the SET, the SEC and the Thai Institute of Directors Association (IOD). In 2009, Mr. Ng Kong Meng, the Chairman of the Board attended the Director Certification Program (DCP) and Financial Statements Demystified for Directors, conducted by the Thai Institute of Directors (IOD). The *Leadership Talent Development Project* above-mentioned is also part of the management training program that consequently build up a new management generation. In 2009, the Company appointed Assist. Prof. Liu, Heng-Yih an independent director. The Company informed him responsibilities and qualifications of independent director, audit committee together with other relevant laws and regulations, explained business operation of the Company and its subsidiaries, and provided necessary documents for his further study on the Company.

Insider Information Policy and Conduct

Please see "Report on Corporate Governance under the section of Inside Information".

Human Resources

In 2009, the Company and its subsidiaries had a total number of employees of 9,693 and the total remuneration including salary, bonus and provident fund paid to employees was Baht 4,721 million. In Thailand, there were 7,980 employees with Baht 1,763 million paid for remuneration including salary, bonus and provident fund. Employees in Thailand are divided into 2 main groups as follows.

1. Production lines

| <u>Business Group</u> | <u>No. of Employees (31 Dec 09)</u> |
|-------------------------------------|-------------------------------------|
| Power Supply Product Group | 3,374 |
| DES and Telecom Power Product Group | 1,260 |
| Component Product Group | 2,796 |

2. Administration and others

550

The Company realizes that employees are the most important assets. Compensation and other benefits are offered to employees reasonably. In addition, continuous training schemes and several activities/recreations to enhance employee's knowledge and their quality of life are always provided to employees. (For further details, please see "Report on Corporate Governance in the section of "Role of Stakeholders – Employee's Welfare Related Activities")

INTERNAL CONTROL

The Company set up its Internal Audit Department under the supervision of the Audit Committee since 1999 to handle internal audit matters. For the time being, the Company's internal control system is up to a satisfactory level.

Moreover, during 2009 the Company has set up risk management Policy and Procedure in order that the Company can operate well in the long term for the benefit of all stakeholders.