

DM063/2019

March 14, 2019

Subject : Submission of the Opinion of Independent Financial Advisor report

To : Secretary-General of Securities and Exchange Commission  
Board of Directors and Manager of Stock Exchange of Thailand  
Board of Directors and Shareholders of Delta Electronics (Thailand) Public Company Limited

As the Independent Financial Advisor, Discover Management Company Limited has provided the Opinion of Independent Financial Advisor report on the Tender Offer of Delta Electronics (Thailand) Public Company Limited.

Please be informed accordingly



(Mr. Vuthichai Tumasaroj)

Director



(Mr. Kanokporn Pongjetanapong)

Director



**-Translation-**  
**Opinion of Independent Financial Advisor on the Tender  
Offer for the Securities**

Of

Delta Electronics (Thailand) Public Company Limited



**Tender Offeror**

Delta Electronics International (Singapore) Pte. Ltd.

Prepared by  
Discover Management Company Limited



March 14, 2019

Abbreviation

Meaning	Abbreviation
Delta Electronics (Thailand) Public Company Limited	: The Company, the Business or DELTA
Delta Electronics International (Singapore) Pte. Ltd.	: Tender Offeror or DEISG
Delta Electronics, Inc.,	: DEI
Delta International Holding Ltd.	: DIH
The Tender Offer to purchase the securities of Delta Electronics (Thailand) Public Company Limited (Form 247-4) on February 22, 2019	: Form 247-4 or Tender Offer
Discover Management Company Limited	: Independent Financial Advisor, IFA or Discover
Avantgarde Capital Company Limited	: Tender Offer Preparer or AGC
Krungsri Securities Public Company Limited	: Tender Offer Agent or Krungsri
Brent Joe Cosens Consulting Company Limited	: 1 <sup>st</sup> Independent Appraiser or BDC
Sanjeev Saxena	: 2 <sup>nd</sup> Independent Appraiser or SS
Kreishaus Soest Gutachterausschuss	: 3 <sup>rd</sup> Independent Appraiser or KSG
Ing Jan Duris Nam Sv	: 4 <sup>th</sup> Independent Appraiser or IJD
Ing Pavol Rosival	: 5 <sup>th</sup> Independent Appraiser or IPR
Ing Dana Piatkova	: 6 <sup>th</sup> Independent Appraiser or IDP
Securities and Exchange Commission	: SEC
Stock Exchange of Thailand	: SET
Annual General Meeting of Shareholders	: AGM
Extraordinary General Meeting of Shareholders	: EGM
Conditional Voluntary Tender Offer	: CVTO or VTO or the Tender Offer

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Opinion of Independent Financial Advisor on the Tender Offer for the Securities of Delta Electronics  
(Thailand) Public Company Limited

March 14, 2019

DM001/2019

Subject: Opinion of Independent Financial Advisor on the Tender Offer for Securities of  
Delta Electronics (Thailand) Public Company Limited

To: Directors and shareholders of Delta Electronics (Thailand) Public Company Limited

Reference:

1. Acknowledgement of a Conditional Voluntary Tender Offer for all Ordinary Shares of the Company on August 1, 2018
2. Resolution of the Board of Directors' Meeting of Delta Electronics (Thailand) Public Company Limited No. 1/2019 held on February 18, 2019
3. Resolution of the Board of Directors' Meeting of Delta Electronics (Thailand) Public Company Limited No. 2/2019 held on March 5, 2019
4. Annual Information Form 2017 of Delta Electronics (Thailand) Public Company Limited (Form 56-1)
5. Audited Financial Statements of Delta Electronics (Thailand) Public Company Limited for the 12 Months ended December 31, 2015-2018
6. The Company's Financial Projections
7. Tender Offer Form (Form 247-4) of the Tender Offeror and Amendment Version
8. Appraisal Reports of Delta Electronics (Thailand) Public Company Limited from 6 Independent Appraisers, namely (1. Brent Joe Cosens Consulting Company Limited 2. Sanjeev Saxena 3. Kreishaus Soest Gutachterausschuss 4. Ing Jan Duris Nam Sv 5. Ing Pavol Rosival and 6. Ing Dana Piatkova)
9. Other Related Documents and Contracts

Disclaimers:

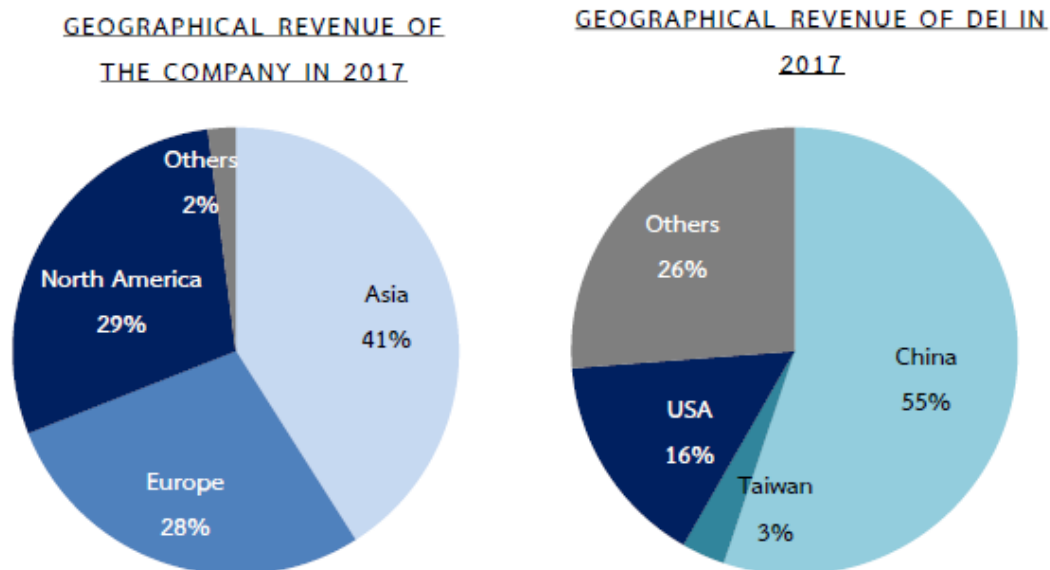
1. In preparing this report, Discover Management Company Limited ("Independent Financial Advisor" or "IFA" or "Discover") has relied on information provided by the information of the Company disclosed to the public on Securities and Exchange Commission websites ([www.sec.or.th](http://www.sec.or.th)), Stock Exchange of Thailand website ([www.set.or.th](http://www.set.or.th)) and the information disclosed by Tender Offeror to the public and information from the management of Delta Electronics (Thailand) Public Company Limited ("the Company").
2. IFA shall not be responsible for profits or losses and any impacts resulting from this transaction.
3. IFA conduct studies using knowledge, ability and caution by adhering to the professional basis.

4. IFA considered and provided opinion based on prevailing market conditions and information. If market conditions and information change in the future, the results of the study in this report may be affected.

As the Company has received a copy of Tender Offer to purchase the securities of the Company (Form 247-4) from Delta Electronics International (Singapore) Pte. Ltd. (“DEISG” or “Tender Offeror”) which is company incorporated in 2010 and is based in Singapore, with the principal activity of selling electronic control systems, industrial automation, digital display and consumer electronic products electronic products and is directly held as to 100.00% by Delta Electronics, Inc., (“DEI”). DEI is a Taiwanese electronics manufacturing company, the shares of which are listed on Taiwan Stock Exchange Corporation (the “Taiwan Stock Exchange”) (Stock code: 2308) on February 22, 2019 with details as Tender Offeror (“DEISG”) intends to acquire additional shares by proposing Conditional Voluntary Tender Offer (“CVTO” or “VTO” or “the Tender Offer”) in the Company which the Offeror, together with DEI and DEI’s subsidiary which is Delta International Holding Ltd. (“DIH”) (together referred to as the “Group”), has an objective to take the attractive investment opportunities to complement its existing businesses and to maximize shareholder benefits. The key intentions of the Offeror in initiating this CVTO are as follows; (1) Global manufacturing reach: The Offeror intends to strengthen its global manufacturing reach to deal with international trade uncertainties. The Company possesses excellent manufacturing competencies in Thailand, India and Slovakia, which will complement the group of main manufacturing facilities based in China and Taiwan which can be shown in the following figure.



(2) Customer supports in the related regions: South East Asia and India have fast economic growth. The Company’s proximity to key customers in South East Asia and other regions is expected to be beneficial as well as in regards to better customer support which the Group’s key customers are located in China, Taiwan and United State of America as shown in the following pie charts of revenue structure of the Company and DEI by geography.



(3) Positive impacts on revenues and profits: From 2010 to present, the Company's revenues have surpassed USD 1 billion and its earnings will also add up to the Offeror's profitability structure with the Company's earnings for 2018 of USD 159 million.

According to the reasons above, the Board of Directors' Meeting of the Offeror held on July 31, 2018 has resolved to approve making a voluntary tender offer for the entire securities of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended) at the offering price of THB 71.00 per share. The CVTO shall be commenced in which case the certain pre-conditions are absolutely completed. DEISG has the pre-conditions to obtain regulatory approval (Merger Control Clearance) from the Relevant regulatory agencies which determined that a company that plans to acquire control over another company is required to obtain a merger control clearance before the transaction is implemented. In this CVTO, it is necessary to obtain regulatory approvals from the Federal Trade Commission and Antitrust Division of Department of Justice of United States (the "Related Regulatory Agency in the US"), Directorate-General for Competition of the European Commission of European Union (the "Related Regulatory Agency in the EU") and State Administration for Market Regulation Anti-monopoly Bureau of China (the "Related Regulatory Agency in China"). As of February 13, 2019, DEISG obtained the approval from the "Related Regulatory Agency in the US" on September 5, 2018, the "Related Regulatory Agency in the EU" on October 24, 2018 and the "Related Regulatory Agency in China" on February 13, 2019. In this regard, DEISG is obliged to submit a statement of intention to make a tender offer (Form 247-3) on February 18, 2019 and an offer document (Form 247-4) on February 22, 2019 pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended).

Currently, the Company has 87.50% foreign shareholders as of February 25, 2019 which the Company's foreign limit is 100.00%. However, after the completion of the Tender Offer, the Offeror intends to maintain the listing status of the Company on the SET.

Details of the holding shares of the Tender Offeror

Name	Type of shares	Number of shares	% of Total paid-up shares <sup>1/</sup>	% of Total voting rights
I. Tender Offeror	-	-	-	-
II. Persons in the same group of the Offeror	-	-	-	-
III. Persons under Section 258 of the persons under I & II	-	-	-	-
<ul style="list-style-type: none"> <li>• Delta Electronics Inc.</li> <li>• Delta International Holding Ltd.</li> </ul>	Ordinary shares	69,128,140 191,984,450	5.54 15.39	5.54 15.39
IV. Other agreements resulting in additional acquisition of shares by the persons under I to III	-	-	-	-
Total		261,112,590	20.93	20.93

Source: Details as in Form 247-4 dated February 22, 2019

Remark: 1/ The Company had 1,247,381,614 totals issued and paid-up capital shares at par of THB 1.00 per share

As at the date of the submission of this CVTO document, the Company has only one class of security, namely ordinary shares. The Company has a total of 1,247,381,614 issued and fully paid-up ordinary shares with par value of THB 1.00 (“Delta Shares” or the “Company Shares”) which include shares held by DEI and DIH in amount of 261,112,590 shares, representing 20.93% the total issued and paid-up shares of the Company and total voting rights.

As set out above, on December 4, 2018, DEI and DIH as shareholders of the Company, announced Notification of intention of decline to sell any of the shares to the Offeror in the CVTO; in any cases, such shares amounting to 69,128,140 shares and 191,984,450 shares representing 5.54% and 15.39% of the total issued and paid-up shares of the Company and the Company’s total voting rights, respectively or total of 261,112,590 shares representing 20.93% of the total issued and paid-up shares of the Company and the Company’s total voting rights. On this basis, the number of shares which are subject to the CVTO (excluding the 261,112,590 ordinary shares held by DEI and DIH) are 986,269,024 shares or 79.07% of total issued and paid-up shares of the Company and the Company’s total voting rights (As detailed in Notification of intention of decline to sell any of the shares to the Offeror in the CVTO in Attachment 7 in Form 247-4). Details are as follows;



Type of Securities	Number of securities to be purchased		Percentage of securities to be purchased <sup>1/</sup>		Tender Offer Price per unit (THB) <sup>2/</sup>	Total Tender Offer value (THB)
	(Share/Unit)	Total voting rights	Total paid-up shares of the Company	Total voting rights of the Company		
Ordinary shares <sup>3/</sup>	986,269,024	986,269,024	79.07	79.07	71.00	70,025,100,704
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
<b>Total</b>	<b>986,269,024</b>		<b>Total</b>	<b>79.07</b>	<b>Total</b>	<b>70,025,100,704</b>

Remark 1/ The Business has a total of 1,247,381,614 shares with par value of THB 1.00 per share

2/ The Offer Price of the Business' share is 71.00 (Seventy-one) (the "Offer Price") and the Net Offer Price that the selling shareholder who accepts the Tender Offer (the "Offeree") will receive is THB 71.00 (Seventy-one) per share.

3/ As at the date of submission of this VTO document, the Offeror does not hold any shares in the Company.

The Tender Offeror offers the price at THB 71.00 per share ("the Offer Price") and the Net Offer Price that the selling shareholder who accepts the Tender Offer will receive is THB 71.00 per share. In this regard, DEISG has no intention to adjust the offer price as specified in the Offer, in the matter of declaration of dividend of the year 2018 of the Company, and the offer price shall remain THB 71.00 per share as specified in the Offer<sup>1/</sup>. Such Offer Price is the final offer which shall not be changed. The Offeror will purchase the Business' shares in a total of 25 business days from February 26, 2019 to April 1, 2019 inclusive. The Offeror may reduce the Offer Price or extend the Offer Period in the following cases 1) in the case of any event or action that occurs during the Offer Period which causes severe damage to the status or assets of the Company 2) The Offeror may change the offer or extend the Offer Period to compete with another offeror who has submitted a tender offer for shares of the Company during the Offer Period. The Offeror may cancel the Tender Offer to purchase the Company's securities if any of the following events occur (Material Adverse Effect): 1) Any event, occurrence, fact, condition or change that arises after the statement of this Tender Offer has been filed with the Office of the Securities and Exchange Commission (the "SEC") and during the Tender Offer Period which is or would reasonably be materially adverse to the business, effect of operations, financial condition or assets of the Company provided that such event or act is not caused by the Group; or 2) Any event or occurrence, including, among others, any act performed by the Company after the statement of this Tender Offer has been filed with the SEC and during the Offer Period that results or is likely to result in a substantial reduction in the market price of the Shares as quoted on the Stock Exchange of Thailand ("SET"); or 3) Any event or occurrence, including, among others, any act performed by the Company which is likely to affect the Tender Offer as specified in the Notification of the Capital Market Supervisory Board No. Thor.Jor. 14/2554 Re: Acts or Omission to Act Which is Likely to Affect Tender Offer of Business (including any amendment thereto).

The Offeree is able to revoke its acceptance of the Tender Offer at the office of the Tender Offer Agents on any business day between February 26, 2019 and March 25, 2019 inclusive (totaling 20 business days)

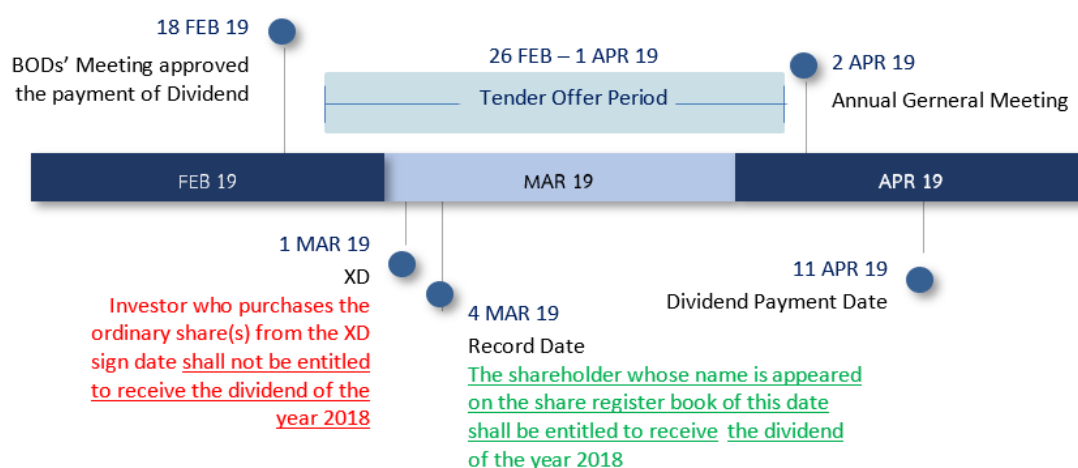
during 9:00 a.m. to 4:00 p.m. (the "Tender Offer Revocation Period"). (If the Offeree wishes to revoke its acceptance of the Tender Offer, the Offeree must follow the Tender Offer Cancellation Procedures as specified in Attachment 2.1 of Form 247-4)

The Tender Offer Agent will make payment to the Offeree on April 4, 2019 or on the 3<sup>rd</sup> business day following the last day of the Offer Period. Tender Offer Agents Information is as follows:

Name: Krungsri Securities Public Company Limited  
 Address: 3<sup>rd</sup> Floor, Ploenchit Tower  
 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330  
 Contact Person: Mr. Jakkapong Ngamlamyai or Mr. Vichai Meebutphakdee  
 Telephone no.: 02-659-7000 Ext. 8132 or 8131  
 Facsimile No.: 02-658-5906 or 02-658-5907

*Remark : 1/ Resolution of the Board of Directors' Meeting of the Company No.1/2019 dated February 18, 2019 proposed for approval of the payment of dividend of the year 2018 to shareholders at the 2019 Annual General Meeting of Shareholders which will be held on April 2, 2019. The shareholders who are entitled to receive the dividend of the year 2018 shall be the shareholder of the Company whose name is appeared on the list of shareholders on the date designating the list of shareholders who are entitled to receive the dividend (Record Date) or the date of March 4, 2019. Any investor who purchases the ordinary share(s) of the Company from the date which the Stock Exchange of Thailand specifies XD sign (Excluding Dividend) on the securities of the Company or the date of March 1, 2019, such investor shall not be entitled to receive the dividend of the year 2019.*

Figure of additional explanation for the payment of dividend of the year 2018



Nonetheless, on August 1, 2018, the Board of Directors' meeting No. 5/2018 passed a resolution to appoint Audit Committee and management to be responsible for appointing Independent Financial Advisor, which Audit Committee Meeting No. 4/2018 held on October 26, 2018 passed a resolution to appoint Discover

Management Company Limited (“IFA” or “Discover”) to be Independent Financial Advisor for providing opinion to the Company’s minor shareholders.

For the opinion, Discover considered information from the Tender Offer (Form 247-4) of the Company dated February 22, 2019, its amendments, information received from the Company, publicly available information, related information memorandum, auditor’s reports, audited financial statements, asset appraisal reports and interviews with key management persons of the Company. IFA’s opinion is based on reliance on information and documents received from the Company and otherwise available to IFA. IFA also considered current economic conditions and information prevailing at the time of this study. Any significant change in those factors may impact the Company’s operation and valuation, including IFA’s opinion and shareholders’ opinions.

Besides the Thai language version of the Opinion of Independent Financial Advisor, IFA has prepared the English translation solely for the convenience of the foreign shareholders. In the event of any inconsistency with the English translation, the Thai language version is the definitive and official document.

In considering whether to accept or reject the Tender Offer, shareholders may consider the reasons and comments on various issues in IFA presented in this report. The decision to accept or reject is depending solely on shareholders and IFA does not have any interest from this Tender Offer and does not own any shares of the Company.

Therefore, after the consideration of factors affecting the Company and its shareholders mentioned above, IFA views that the shareholders should accept the Tender Offer of the Tender Offeror (for ordinary shares of the Company) with details as follows:

Remark: According to Resolution of the Board of Directors’ Meeting of Delta Electronics (Thailand) Public Company Limited No. 1/2019 held on February 18, 2019 approving the Company to pay dividend THB 2,868.98 million, equivalent to THB 2.30 per share. Book closing date for the dividend payment will be on March 4, 2019, which is the day before the last tender offering date (April 1, 2019). Independent Financial Advisor therefore recommends that shareholders should accept the Tender Offer after the closing date of the register for dividend payment.

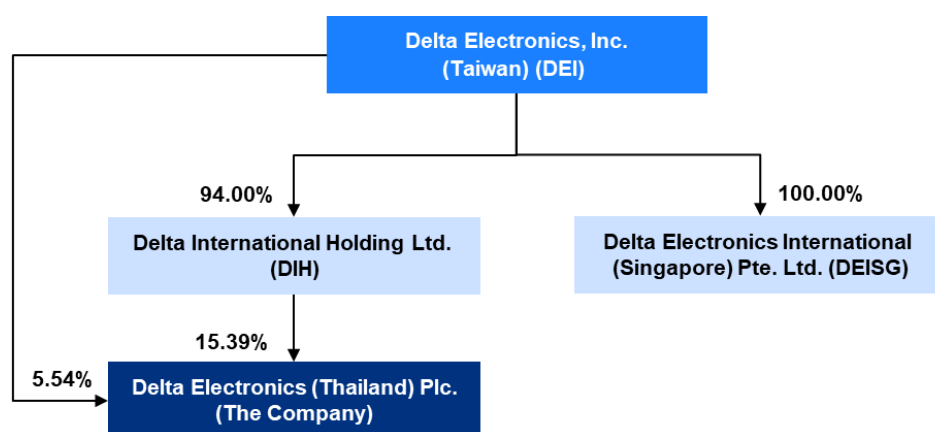
## 1. Information of the Tender Offeror

### 1.1. General Information

Name	:	Delta Electronics International (Singapore) Pte. Ltd.
Address	:	4 Kaki Bukit Avenue 1, No. 05-04 Singapore, 417939
Telephone No.	:	(+65) 6747-5155
Facsimile No.	:	(+65) 6744-9228
Company Registration No.	:	201016894N

### 1.2. Group Structure of DEISG

The Offeror is a company incorporated in 2010 and is based in Singapore, with the principal activity of selling electronic control systems, industrial automation, digital display and consumer electronic products. The shareholding structure of the Offeror is set out below.



### 1.3. Business Description of DEISG

The Offeror or DEISG is a limited company incorporated in Singapore, with the principal activity of the purchase of raw materials for sale to affiliated companies and trading of component parts used in the electrical and electronics industry, selling electronic control systems, industrial automation, digital display and consumer electronic products. DEISG is also engaged in in-house Research and Development activities in collaboration with other research institution and institute of higher education in Singapore. Currently, DEISG has 2 subsidiaries including Loy Tec electronics GmbH and Loytec Americas, Inc. and is directly held as to 100.00% by Delta Electronics, Inc., (“DEI”). DEI is a Taiwanese electronics manufacturing company, the shares of which are listed on Taiwan Stock Exchange Corporation (the “Taiwan Stock Exchange”) (Stock Code: 2308).

Delta Electronics, Inc., (“DEI”) and its subsidiaries, which engages in the research and development, design, manufacture, and sale of electronic control systems, digital display, consumer electronic, energy saving lighting application, renewable energy application, EV charging, and energy technology service products.

Delta International Holding Limited (“DIH”) , a subsidiary of DEI, was incorporated as a limited liability company in year 1993 and domiciled in Cayman Islands. The main activity of DIH is investment holdings. Currently, DIH has around 40 subsidiaries in China, Japan, USA, and Mexican, etc.

*Note: DIH holds the Company shares in portion of 15.39% through CITI (Nominees) Limited-CBHK-PBGS- Restricted Shares*

#### Registered and Paid-up Capital

As of November 29, 2018, the Offeror has a total registered and paid-up capital of US 226,929 (approximately THB 7,128,475.29 at exchange rate of THB 31.4128 per USD as of January 31, 2019). The company has a total of 300,000 ordinary shares with no par value.

#### List of Shareholders

List of Shareholders of the Offeror as of December 12, 2018 as follows;

No.	Shareholder	Number of Shares (Shares)	%	(%) Voting Rights
1	Delta Electronics, Inc.	300,000	100.00	100.00
<b>Total</b>		<b>300,000</b>	<b>100.00</b>	<b>100.00</b>

Source: Form 247-4

#### List of Board of Directors

List of Board of Directors of the Offeror as of December 12, 2018 as follows;

No.	Name	Position
1	Ling Yik Chang	Director
2	Shih-Gong Li	Director
3	Ping Cheng	Director
4	Chun-Tiao Liu	Director
5	Su-Lin Wang	Director

Source: Form 247-4

#### Summary of Financial Position and Operating Performance

(Unit: USD)	Audited Financial Statements for the Year Ended 31 December					
	2015		2016		2017	
	Separate	Consol.	Separate	Consol.	Separate	Consol.
Total Assets	1,619,347,959	n.a.	1,847,157,782	n.a.	1,957,361,710	n.a.
Total Liabilities	1,399,096,468	n.a.	1,577,149,879	n.a.	1,674,686,850	n.a.
Total Equity	220,251,491	n.a.	270,007,903	n.a.	282,674,860	n.a.
Registered capital	226,929	n.a.	226,929	n.a.	226,929	n.a.
Total Revenue	6,734,092,904	n.a.	6,998,522,457	n.a.	7,379,180,923	n.a.
Total Expenses	6,522,193,377	n.a.	6,728,766,045	n.a.	7,096,733,966	n.a.
Net Profit	211,899,527	n.a.	269,756,412	n.a.	282,446,957	n.a.
Net profit per share	706	n.a.	899	n.a.	941	n.a.
Dividend per share	767	n.a.	733	n.a.	899	n.a.
Book value per share	734	n.a.	900	n.a.	942	n.a.

Source: Form 247-4

Material encumbrance according to the notes to the latest financial statements audited by the auditor

-None-

Information relating to criminal records during the past five years of the Offeror and/or Executives of the Offeror

-None-

Pending legal disputes of the Offeror and/or Executives of the Offeror

-None-

#### 1.4. Business Description of DEI

DEI and their subsidiaries engages in the research and development, design, manufacture, and sale of electronic control systems, digital display, consumer electronic, energy saving lighting application, renewable energy application, EV charging, and energy technology service products. DEI's business categories include power electronics, automation and infrastructure in Mainland China, the United States, Taiwan, and internationally which details are as follows;

##### (1) Power Electronics

- Electronic Components
- Embedded Power
- Fan & Thermal Management
- Electrics Vehicle Solutions
- Automotive Electronics
- Merchant & Mobile Power

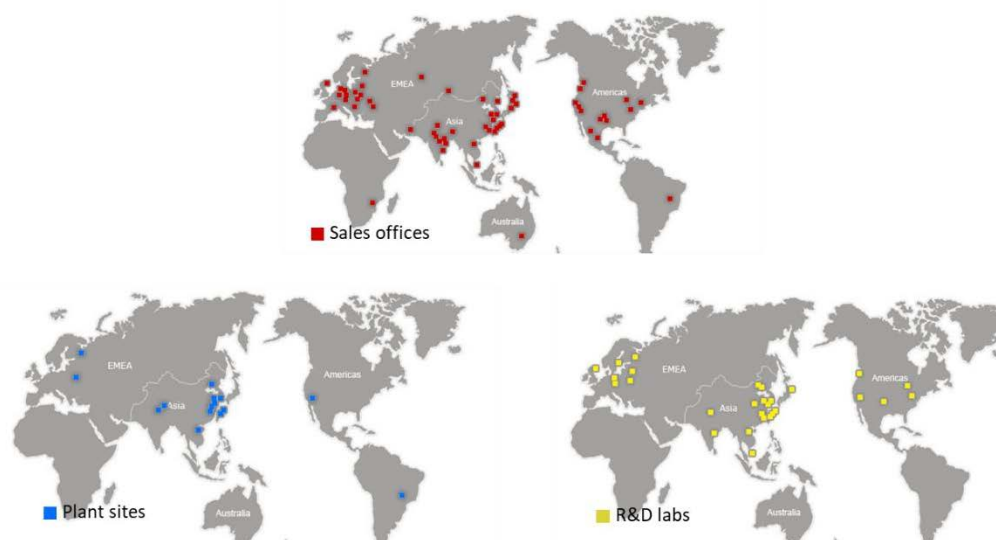
##### (2) Automation

- Industrial Automation
- Building Automation

##### (3) Infrastructure

- ICT Infrastructure
- Energy Infrastructure Solutions

DEI has sale offices R&D labs and plant sites located around many regions such as Europe Asia and America.



#### Registered and Paid-up Capital

DEI has a total paid-up capital of NTD 25,975.43 million (approximately THB 26,562.47 million at exchange rate of THB 1.0226 per NTD as of January 31, 2019). The company has a total of 2,597.54 million ordinary shares with a par value of NTD 10.

#### List of Shareholders

List of top 10 Shareholders of DEI as of July 8, 2018 as follows;

No.	Name	Number of Shares (Shares)	%	(%) Voting Rights
1	DEICO International Ltd.	267,556,280	10.30	10.30
2	DELTRON Holding Ltd.	218,211,168	8.40	8.40
3	Government of Singapore	92,364,772	3.56	3.56
4	Chung-Hua Cheng (Also known as Bruce C.H. Cheng)	81,878,039	3.15	3.15
5	First State Investments ICVC-- Stewart Investors Asia Pacific Leaders Fund	75,911,622	2.92	2.92
6	Cathay Life Insurance Co., Ltd.	70,039,340	2.70	2.70
7	New Labor Retirement Pension Fund	62,862,301	2.42	2.42
8	Ping Cheng	55,090,093	2.12	2.12
9	Labor Insurance Fund	51,052,858	1.97	1.97
10	Victor Cheng	50,194,764	1.93	1.93

Source: Form 247-4

However, Deltron is not related with DEI including not the person specified under section 258 of the Securities and Exchange Act B.E. 2535 (as amended) unless 8.40% shareholding in DEI.

List of Board of Directors

List of Board of Directors of DEI as of December 12, 2018 as follows;

No.	Name	Position
1	Yancey Hai	Chairman
2	Mark Ko	Vice Chairman
3	Bruce C.H. Cheng	Director
4	Ping Cheng	Director
5	Victor Cheng	Director
6	Simon Chang	Director
7	Albert Chang	Director
8	George Chao	Independent Director
9	Yung-Chin Chen	Independent Director
10	Tsong-Pyng Perng	Independent Director
11	Ji-Ren Lee	Independent Director

Source: Form 247-4

Summary of Financial Position and Operating Performance

(Unit: Thousands NTD)	Audited Financial Statements for the Year Ended 31 December						Unaudited Financial Statements	
	2015		2016		2560		for the Nine Month	
	Separate	Consol.	Separate	Consol.	Separate	Consol.	Ended 30 September 2018	Consol.
Total Assets	155,426,717	226,275,936	159,657,623	235,114,670	163,129,553	250,538,559	n.a.	255,875,886
Total Liabilities	31,056,530	96,723,127	35,543,197	106,105,804	38,572,584	116,765,085	n.a.	122,692,707
Total Equity	124,370,187	124,370,187	124,114,426	124,114,426	124,556,969	124,556,969	n.a.	123,483,855
Registered capital	25,975,433	25,975,433	25,975,433	25,975,433	25,975,433	25,975,433	n.a.	25,975,433
Total Revenue	37,892,526	203,451,661	38,547,696	214,355,571	38,577,747	223,577,514	n.a.	172,383,931
Total Expenses	19,177,903	184,737,038	19,749,897	195,557,772	20,197,195	205,196,962	n.a.	160,235,355
Net Profit	18,714,623	18,714,623	18,797,799	18,797,799	18,380,552	18,380,552	n.a.	12,148,576
Net profit per share	7.67	7.67	7.24	7.24	7.08	7.08	n.a.	4.68
Dividend per share	5.00	5.00	5.00	5.00	5.00	5.00	n.a.	n.a.
Book value per share	47.88	47.88	47.78	47.78	47.95	47.95	n.a.	47.54

Source: Form 247-4

Material encumbrance according to the notes to the latest financial statements audited by the auditor

According to the consolidated financial statement of DEI as of September 30, 2018, DEI has no commitment and liabilities related to litigation. However, there are Capital Commitments and Operating Lease Commitments as follows;

1. Capital Commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as

follows:



Unit : Thousand of New Dollars Taiwan

Item	2016	2017	9 month 2018
Property, Plant and equipment	148,991.00	352,348.00	873,197.00
Cost of computer software	175,350.00	-	-
<b>Total</b>	<b>324,341.00</b>	<b>352,348.00</b>	<b>873,197.00</b>

## 2. Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Unit : Thousand of New Dollars Taiwan

Item	2016	2017	9 month 2018
Not later than one year	318,111.00	342,577.00	150,587.00
Later than one year but not later than five years	594,015.00	600,593.00	225,287.00
Later than five years	171,317.00	115,309.00	238,362.00
<b>Total</b>	<b>1,083,443.00</b>	<b>1,058,479.00</b>	<b>614,236.00</b>

Information relating to criminal records during the past five years of Delta Electronics, Inc. and/or Executives of Delta Electronics, Inc.

-None-

Pending legal disputes of Delta Electronics, Inc. and/or Executives of Delta Electronics, Inc.

-None-

### 1.5. Details of the Tender Offer Preparer

<b>Name</b>	Avantgarde Capital Company Limited
<b>Address</b>	The Millennia Building, Room no. 1905, 19 <sup>th</sup> Floor, 62 Lungsuwan Road, Bangkok 10330
<b>Telephone No.</b>	02-651-8787
<b>Facsimile No.</b>	02-651-8788

### 1.6. Details of the Tender Offer Agent

<b>Name</b>	Krungsri Securities Public Company Limited
<b>Address</b>	3 <sup>rd</sup> Floor, Ploenchit Tower 898 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
<b>Telephone No.</b>	02-659-7000
<b>Facsimile No.</b>	02-658-5906

### 1.7. Details of Legal Advisor

Name	Hunton Andrews Kurth (Thailand) Limited
Address	Q.House Lumpini Building, 34 <sup>th</sup> Floor, 1 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120
Telephone No.	02-645-8800
Facsimile No.	02-645-8800

### 1.8. Source of Funds to Finance the Tender Offer

According to Form 247-4, in the event that all existing shareholders other than DEI and DIH, accept the Tender Offer, the maximum amount of securities to be tendered to the Offeror will be equal to 986,269,024 shares or 79.07% of total issued shares and total voting rights of the Company. The total consideration for the Acquisition of all such shares based on the Offer Price of THB 71.00 under the Tender Offer will be equal to THB 70,025,100,704.

The funds required by the Offeror under the Tender Offer is from the credit facility supported by DEI as shareholder of 100% ownership of the Offeror, with the amount up to THB 70,025,100,704. DEI has certified that the credit facility will remain available from the date thereof until the completion of the Tender Offer. As detailed in Certificate of Source of Fund in Attachment 6 in Form 247-4.

The Tender Offer Preparer has reviewed a Confirmation Letter of a sufficiency of the Offeror's source of fund which is supported by DEI in the amount not exceeding THB 70,025,100,704 and has considered the source of funds from DEI. According to the consolidated financial statement of DEI as of September 30, 2018, there were cash and cash equivalents of THB 59,992,834,319 and a short-term/long term loan facility in the amount of THB 113,041,587,783, totaling THB 173,034,422,102 which is sufficient for the payment of consideration for the acquisition of all such shares in the maximum value of THB 70,025,100,704. The Tender Offer Preparer has an opinion that the Offeror has sufficient funds to conduct this Tender Offer.

Remark: The exchange rate of THB 1.0226 per TWD as of January 31, 2019.

### 1.9. Plan to Sell Shares of the Company

According to Form 247-4, the Offeror has no intention to sell or transfer shares of the Company received from the Tender Offer to other persons during the period of 12 months from the last day of the Tender Offer Period, except where: the Offeror (i) sells or transfers shares of the Company to any related party of the Offeror under the definition of related party specified in the relevant laws, and if the sale or transfer of shares of the Company resulting that the Offeror and/or the related party are obliged to perform under the relevant notifications of Capital Market Supervisory Board, the Offeror and/or the related party will perform according to such relevant notifications; or (ii) sell or transfer securities of the Company in order to comply with applicable laws and regulations effective at the time; or (iii) sell or transfer securities of the Company in order to comply with the free-float requirement to maintain the status as a listed company.

## 2. Independent Financial Advisor's Opinion on the Offer Price

### 2.1. Appropriateness of the Offer Price of the Company's Securities

For valuation of ordinary shares of the Company, IFA considered information received from the Company, interviews with key management persons of the Company, audited and reviewed financial statements, asset appraisal reports (intended for the purpose of public's interest) by the Independent Appraisers certified by SEC, and other publicly available information. IFA's opinion is based on reliance on information and documents received from the Company and otherwise available to IFA. IFA also considered current economic conditions prevailing at the time of this study.

Any significant change in those factors may impact the Company's operation and valuation. In order to determine the fairness of the transaction price, IFA has evaluated the Company's share price valuation by using the following six approaches.

1. Book Value Approach
2. Adjusted Book Value Approach
3. Market Price Approach
4. Price to Book Value Ratio Approach or P/BV Ratio
5. Price-to-Earnings Ratio Approach
6. Discounted Cash Flow Approach

#### 2.1.1. Book Value Approach

This valuation approach will apply the book value of net assets (total assets minus total liabilities) or the shareholders' equities divided by the total number of shares. The result is the book value per share. The Company's share valuation is based on the audited financial statement as of December 31, 2018 as follow:

No.	Details	Value (THB million)
1	Paid-up capital	1,247.38
2	Premium on share capital	1,491.91
3	Surplus on business combination under common control <sup>1/</sup>	(1,004.03)
4	Retained earnings (losses)	34,557.91
5	Other components of shareholders' equity <sup>2/</sup>	(2,356.67)
6	<b>Equity attribute to owners of the Company (6) = (1) + (2) + (3) + (4) + (5)</b>	<b>33,936.50</b>
7	Number of shares issued and fully paid-up (million shares) <sup>3/</sup>	1,247.38
8	<b>Book value per share (THB)</b>	<b>27.21</b>

Remark: 1/ Surplus on business combination under common control are the difference between the costs of business combination under common control and the sum of the net book values in assets and liabilities of these subsidiaries

2/ Other components of shareholders' equity are the Difference from exchange rates in translating the financial statement of THB (2,447.38) million and Share of other comprehensive income of associates and joint ventures of THB 90.71 million.

3/ Par value is THB 1.00 per share

Book Value Approach only reflects financial position of the Company as of December 31, 2018. It does not consider current market value of the asset and the Company's ability to earn profit in the future and the competitiveness of the business.

According to the Book Value Approach (paid-up capital), the Company's share value is THB 27.21 per share which is THB (43.79) or (61.68%) lower than the Offer Price of THB 71.00 per share.

### 2.1.2. Adjusted Book Value Approach

By this approach, the share value is derived from the total assets, reduced by total liabilities including commitments and contingent liabilities as shown in the financial statements as of December 31, 2018, and adjusted by the items occurred after the end of accounting period or the items that may reflect the actual value of the company such as asset revaluation or impairment to reflect prevailing market value of net assets and dividend payment then divided by total number of paid-up shares of the Company to arrive at per share value.

In deriving the value of the Company's shares, IFA used Book value of the Company as shown in the most recent financial statement as of December 31, 2018 reviewed by certified auditor and adjusted by the increase and decrease in the revaluation of land totaling 10 items, dated between November 11, 2018 and January 29, 2019

Thus, IFA has reviewed the possibilities of the appraisal values of machine, mold and installation machine that related to the Company's production. The Company has explained the details of inability to additionally appraise machine, mold and installation machine as follows;

- 1) Most of equipment and machine are located at 8 different places around the world which take long period of time to evaluate all assets.
- 2) Machine, mold and installation machine of the Company values at THB 3,488.80 million or 7.24% of the Company's total assets recorded correctly according to the accounting policy so that it could reflect the actual assets value.

Thus, the book value of machine, mold and installation machine is equivalent to 7.24% of the total assets (the Company's total asset as of December 31, 2018) which is equivalent to 14.82% of the total assets (the Company's total asset as of December 31, 2018) if includes building and other assets. Independent Financial Advisor has the same opinion with the auditor that the book value of building and equipment could reflect the fair value at the present. Moreover, the fair value of building and equipment tend to decrease along the useful life. As a result of small proportion of building and machine compared to the Company's total assets (12.72%) and decrease in fair value along the useful life, IFA has considered that the use of book value in this Adjusted Book Value Approach would not make the value significantly differ from its fair value.

Details of the Company's total assets

No.	Details	Book value as of December 31, 2018 (THB million)	Percentage to total assets
1	Current assets	37,987.73	78.81%
2	Deposit with obligation and capital investment	972.92	2.02%
3	Property, plant and equipment	7,956.88	16.51%
3.1	- Machine	2,600.89	5.39%
3.2	- Computer	124.00	0.26%
3.3	- Mold	132.55	0.28%
3.4	- Installation machine	755.36	1.55%
3.5	- Plant	814.78	1.69%
3.6	- Building and etc.	3,529.30	7.34%
4	Patents, goodwill and other non-current assets	1,283.17	2.66%

Nonetheless, the Company has cooperated with IFA to evaluate all the Company's lands by 6 the Independent Appraisers, namely 1. Brent Joe Cosens Consulting Company Limited (appraising properties in Thailand), 2. Sanjeev Saxena (appraising properties in India), 3. Kreishaus Soest Gutachterausschuss (appraising properties in Germany) 4. Ing Jan Duris nam SV 5. Ing Pavol Rosival and 6. Ing Dana Piatkova (appraising properties in Slovakia), totaling of 10 items. The appraisal firms in Thailand which is Brent Joe Cosens Consulting Company Limited accredited by the Valuers Association of Thailand ("VAT") and approved by the SEC for public purpose. Other appraisers are all approved in their countries and the appraisal reports are for public purpose with details as follows;

2.1.2.1. Sanjeev Saxena (appraising properties in India )

Sanjeev Saxena is the appraiser accredited by the India government, license no. CCIT-IV/G3/2001-02/I/8 located at C-1/144, 2<sup>nd</sup> floor Sadarjung Development Aear, Aurobindo Marg , New Delhi – 110016 India.

2.1.2.2. Kreishaus Soest Gutachterausschuss (appraising properties in Germany)

Kreishaus Soest Gutachterausschuss is the committee of experts for appraisal in Soest, North Rhine-Westphalia state, Germany has been chosen by the government to evaluate the market value of the land price, information about the value of the land and published a report to the real estate market in Soest. The office is located at Hoher Weg 1-3 59494 Soest, Germany.

The screenshot shows the website for Kreis Soest, specifically the 'Real Estate Valuation' page. The page layout includes a top navigation bar with links for 'start page', 'Contact', 'opening hours', and 'Current'. A search bar is located in the top right corner. Below the navigation bar is a large banner image of residential houses. A horizontal menu below the banner lists various services: Politics, Education, Family, Health, Traffic, Security, Building, and Environment. The 'Building' category is highlighted in red. The main content area is titled 'Real Estate Valuation' and contains the following text:

You are here: Home » Cadastre » Property value

### Real Estate Valuation

The expert committee for property values in the district of Soest compiles market value appraisals, provides information on land values and publishes the real estate market report. In addition, he provides many other services around the topic of real estate values. The city of Lippstadt has its own expert committee.

The main tasks and services of the expert committee are:

- Leading and evaluating the purchase price collection,
- annual determination of land values for building land and agricultural land
- Determination of specific land values and land values in formally defined redevelopment areas and development areas,
- Providing information on land values and land market data,
- Determine the data required for the valuation, for example property and lease rates, land price index series and comparison factors, which are also published in the Property Market Report,
- Preparing reports on the market value of developed and undeveloped land,
- Providing opinions on the amount of compensation for the loss of rights resulting from the expropriation and on the amount of the compensation for other financial disadvantages,
- Preparation of appraisals of rental and lease values.

On the right side, there is a 'QUICK ACCESS' section with a dropdown menu for 'Top sites' and a grid of letters for navigation. Below that is a 'GO TO THE REVIEW PANEL' section with links to 'start page', 'Land value map', and 'Estimate Calculator 2018'.

Website: [https://www.kreissoest.de/bauen\\_kataster/kataster/grundstueckswertermittlung/grundstueckswertermittlung.php](https://www.kreissoest.de/bauen_kataster/kataster/grundstueckswertermittlung/grundstueckswertermittlung.php)

### 2.1.2.3. Ing Jan Duris nam SV, Ing Pavol Rosival and Ing Dana Piatkova (appraising properties in Slovakia)

Ing Jan Duris nam SV is the appraiser who is accredited in Slovakia, License no.910656. The office is located at Frantiska 8A, 841 04 Bratislava, Slovakia.

Ing Pavol Rosival is the appraiser who is accredited in Slovakia, License no.912966. The office is located at Ticha 403/11, 911 01 Trenčín, Slovakia.

Ing Dana Piatkova is the appraiser who is accredited in Slovakia, License no.912731. The office is located at Hviezdoslavova 14, Liptovský Mikuláš, Slovakia.

There are 4 different appraisers' countries, the methods used to evaluate are different with details as follows;

- 1) Land valuation in Thailand Market Comparison Approach is used for land that does not generate income by comparing purchasing prices, exploring market prices in surrounding area declared by landlords and real estate agents and using that prices adjusted by environmental factors, such as shape, size, location and usage of similar lands. This is the suitable method to evaluate lands used for industrial and residential as its best uses. Other methods might not reflect the fair value of the asset. However, the appraisers have to use 2 different methods according to the appraisal professional standards. However, it is acceptable to use one method if the appraisers have evaluated the assets with proper judgments which the appraisers have performed accordingly.
- 2) Land valuation in India Market Comparison Approach is used which is considered universal and used by Thai asset independent appraisers to evaluate lands of listed companies on the SET. The method can be done by comparing purchasing prices, exploring the market prices in surrounding

area declared by landlords and real estate agents and using that prices adjusted by environmental factors, such as shape, size, location and usage of similar land.

- 3) Land valuation in Germany Land valuation process in Germany is different from Thailand which performed by Thai asset independent appraisers accredited by the Valuers Association of Thailand (“VAT”) and approved by the SEC. In Germany, the federal government assigns a local committee to evaluate lands every year and applies that prices as reference of market prices for trading and reflecting the value of lands at that year.
- 4) Land valuation on Slovakia There are 3 different methods in Slovakia which are 1.) Market Comparison Approach by comparing the market prices which is considered universal and commonly used by Thai asset independent appraisers to evaluate lands; 2.) Yield Method by evaluating the ability of lands to generate cash flows, such as rental revenues which is similar to Income Approach used by Thai asset independent appraisers to evaluate investment properties; and 3.) Position Differentiation Method by evaluating lands using initial prices determined by municipal and adjusted with usage of land, transportation, infrastructure and population density etc. to reflect the value. Thus, the appraisers in Slovakia chose to use the method 3 of Position Differentiation Method to evaluate the subject lands due to the fact that appraisers do not have sufficient information of similar lands. Moreover, the subject lands are used for factory purpose not for generating cash flows directly. Therefore, the appraisers viewed that method 1 and 2 could not reflect the fair values of lands.

IFA has reviewed the methodologies, assumptions and judgements to be appropriate and comply with the asset independent appraisers’ professional standards and those asset independent appraisers were chosen by the Company’s committee with the public purpose report. Therefore, IFA has adjusted the book value from those appraisal reports and concluded the information compared with the book value as of December 31, 2018 with details as follows:

No.	Details	Book Value as of December 31, 2018 (THB million)	Appraisal Value (THB million)	Increase (Decrease) (THB million)
1	Land 18 plots, total area of 64-2-61.0 Rai (Thailand)	112.50	627.77	515.27
2	Land 2 plots, total area of 60-2-60.0 Rai (Thailand)	165.76	436.68	270.92
3	Land and Building (Land valuation only) Land 10 plots, total area of 1-0-4.8 Rai (Thailand)	2.00	6.88	4.88
4	Land and Building (Land valuation only) Land 3 plots, total area of 4-0-19.0 Rai (Thailand)	32.39	34.00	1.61
5	Land 3 plots, total area of 19,590 sq.m. (India)	108.37	230.50	122.13
6	Land 2 plots, total area of 15,564.69 sq.m. (India)	316.03	323.35	7.31
7	Land, total area of 84.324 sq.m. (Germany)	54.65	156.52	101.88
8	Land 1 plot, total area of 333 sq.m. (Slovakia)	0.68	2.82	2.14

No.	Details	Book Value as of December 31, 2018 (THB million)	Appraisal Value (THB million)	Increase (Decrease) (THB million)
9	Land 16 plots, total area of 72,264 sq.m. (Slovakia)	53.00	72.02	19.02
10	Land 7 plots, total area of 10,575 sq.m. (Slovakia)	3.44	8.13	4.69
	Other non-valuation assets <sup>1/</sup>	7,142.10	-	-
	<b>Total</b>	7,990.92	1,898.67	1,049.84

Remark: 1/ Land in Germany consists of 2 parts which are land, building and equipment total of THB 20.60 million and investment property of THB 34.04 million

IFA has reviewed the methodologies, assumptions and judgements from those 6 independent appraisers and found no reason to believe that there is lack of duty performed or non-compliance with professional standards from these asset independent appraisers.

Therefore, according to Adjusted Book Value Method from items above, adjusted book value of the Company is shown below.

No.	Details	Value (THB Million)
1	Shareholder's' equity	33,936.50
2	Increase (Decrease) of general assets valuation	1,049.84
3	Deduct – dividend payment <sup>1/</sup>	2,868.98
4	<b>Shareholders' equity adjusted by assets valuation and dividend payment</b>	<b>32,117.37</b>
5	Number of shares (million shares) <sup>2/</sup>	1,247.38
6	<b>Adjusted book value per share (THB)</b>	<b>25.75</b>

Remark: 1/ According to Resolution of the Board of Directors' Meeting of Delta Electronics (Thailand) Public Company Limited No. 1/2019 held on February 18, 2019 approving the Company's dividend payment for the year 2018 made out of the net profit according to the Company's audited financial statements, the statement of comprehensive income for the year ended December 31, 2018 at the rate of THB 2.30 per share totaling to THB 2,868.98 million and the payment to be made on April 11, 2019. The date to determine those shareholders entitled to attend 2019 AGM and to receive dividends shall be on March 4, 2019. However, the right to receive the Company's dividend remains uncertain pending the approval of the 2019 AGM.

2/ Par value is THB 1.00 per share

According to Adjusted Book Value Approach on the Company's financial statement as of December 31, 2018 adjusted by appraisal value, this method does not reflect the Company's ability to generate future profits and the Company's competitiveness. Valuation by adjusted book value approach yields a fair value of the Company's share at THB 25.75 per share which is lower than the Offering Price at THB 71.00 per share by THB (45.25) per share or (63.74%).



### 2.1.3. Market Price Approach

This valuation approach uses the weighted average market price of the trading value of securities of the Company through the SET ("market price", namely, the weighted average closing price of ordinary shares in the SET not less than 7 consecutive days but not more than 15 consecutive days) over the past period. This analysis considers the weighted average market price of the Company (trading value of the Company/ trading volume of the Company) based on the past periods from 7 to 15 days. However, IFA has considered the weighted average market prices of the Company based on the additional past period from 30 days, 60 days, 90 days, 120 days, 180 days and 360 days. IFA has considered that the mentioned time periods can reflect the movement of the share value in the stock market over a reasonable period of time and business operation of the Company.

In assessment by this approach, IFA has considered the information up to July 31, 2018 due to being the last working day before an announcement of the Board of Directors' approval in the investment in ordinary shares of DELTA which are the Tender Offer of DELTA and the information memorandum regarding the acquisition of assets. In this regard, the market price of the Company's ordinary shares by this market value approach is calculated as follow:

(Unit: THB)	DELTA's Weighted Average (Day)							
	7	15	30	60	90	120	180	360
High	69.51	69.51	69.51	69.51	73.55	73.55	86.40	99.10
Low	66.16	60.01	56.10	56.10	56.10	56.10	56.10	56.10
<b>Weighted Average</b>	<b>67.80</b>	<b>65.45</b>	62.39	63.35	64.60	65.39	69.87	78.39

Source: www.setsmart.com

Valuation by Market Price Approach yields a fair value of the Company's share between THB 65.45 – 67.80 per share (price 7 – 15 days) which is lower than the Offer Price at THB (5.55) - (3.20) per share or (7.82%) - (4.51%), respectively.

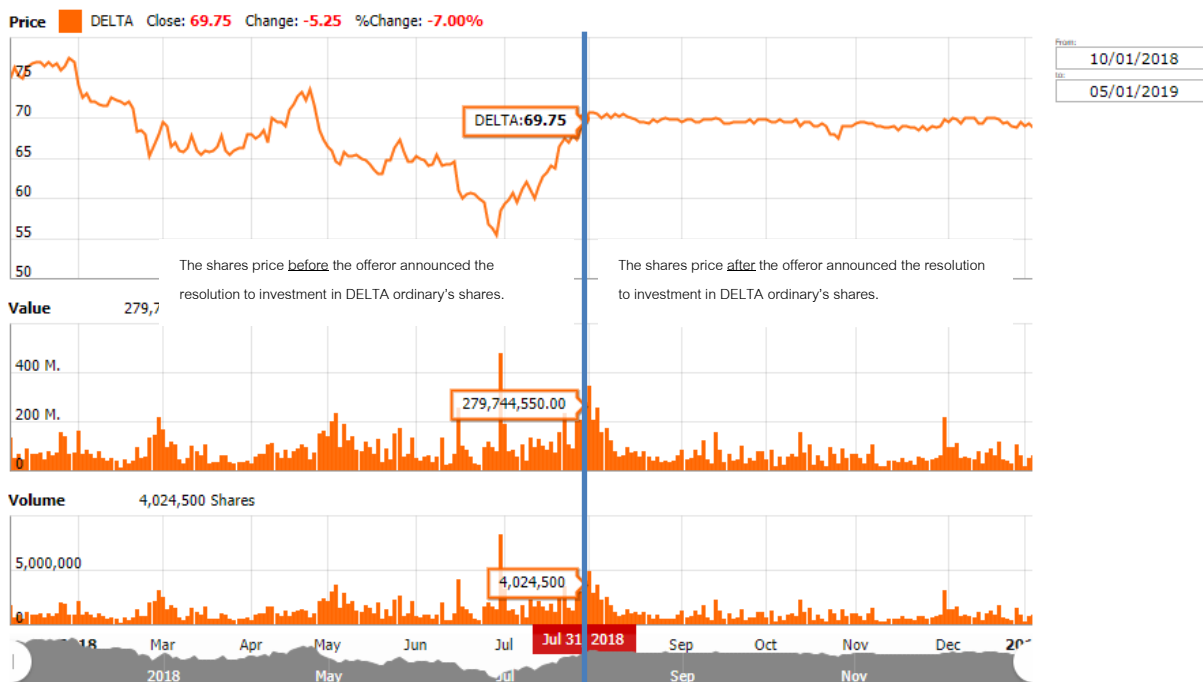
The highest and lowest share prices of the Company in every quarter over the past 4 years

Year	Quarter	Highest and Lowest Price (THB per share)	
		Highest	Lowest
2015	Jan – Mar	78.25	66.25
	Apr – Jun	97.75	75.25
	Jul – Sep	90.75	75.75
	Oct – Dec	98.00	69.50
2016	Jan – Mar	91.00	74.25
	Apr – Jun	89.00	60.00
	Jul – Sep	80.75	66.75
	Oct – Dec	86.75	71.75

Year	Quarter	Highest and Lowest Price (THB per share)	
		Highest	Lowest
2017	Jan – Mar	96.00	81.5
	Apr – Jun	100.00	84.25
	Jul – Sep	94.00	82.75
	Oct – Dec	90.00	70.00
2018	Jan – Mar	78.25	64.50
	Apr – Jun	74.50	55.50
	Jul – Sep	71.25	57.75
	Oct - Dec	70.50	66.75

Source: [www.setsmart.com](http://www.setsmart.com)

Graph representing value of DELTA's shares before and after the last working day before an announcement of the Board of Directors' approval in the investment in ordinary shares of DELTA



Source: [www.setsmart.com](http://www.setsmart.com)

Market Price Approach considers traded prices of the Company's shares which are determined by the supply and demand of the Company's stock. The approach assumes that the traded prices reflect the value of the stocks at that time, the fundamentals of the stocks and the views of investors on the Company's future growth potential. The share value of the Company in the past therefore could be used as a reference price for actual value of the Company's shares.

#### 2.1.4. Price to Book Value Ratio Approach or P/BV Ratio

This valuation approach is based on the book value of the Company's shares as shown in the latest consolidated financial statements as of December 31, 2018 as audited by the Company's auditor approved by SEC which is THB 27.21 per share multiplied by closing prices to book values (P/BV) of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of listed companies with similar business. The lists of 4 companies from a total of 10 companies in the same sector of Technology with Electronic Components are 1) CAL-COMP Electronics (Thailand) Public Company Limited ("CCET"), 2) Hana Microelectronics Public Company Limited ("HANA"), 3) KCE Electronics Public Company Limited ("KCE") and 4) SVI Public Company Limited ("SVI"). The reason that IFA has chosen these 4 companies because they have related or similar products and have assets and revenue more than THB 10,000 million (IFA perceives that the mentioned companies are big) and there are profits from operations which means that there are efficiencies in the business operations and are interested by the investors.

#### List of companies in Electronic Components in Technology sector

(Unit: THB Million)

No.	Abbreviation	Business Description	Market Value (as of February 28, 2019)	Total Assets (as stated in financial statement as of December 31, 2018)	Total Revenue (12 months up to December 31, 2018)	Net Profit (12 months up to December 31, 2018)
1	CCET	The manufacturer for the electronics products in the form of Electronics Manufacturing Services (EMS) with 2 main customers which are computer peripheral and telecommunication products.	8,061.72	64,798.36	113,499.33	231.56
2	DELTA	The Company's businesses are mainly involved in power management solutions and manufacture of electronic components i.e. DC fan, electromagnetic interference filter (EMI) and solenoid. Its operation has covered regions such as Asia, Europe and South America.	90,435.17	48,200.69	53,937.24	5,137.03
3	EIC	The Company is the manufacturer and distributor of Discrete Semiconductor- Wafer/Dice and Diodes. EIC's Wafer are both Open Junction Wafer and Glass Passivated Processed Wafer. EIC's Diodes are included Rectifier Diodes, Zener Diodes, Switching Diodes and Transient Voltage Suppressor Diodes. And Out of home advertising.	563.48	775.60	297.99	5.23
4	HANA	Electronic Manufacturing Service-EMS	28,774.42	25,368.31	22,852.85	2,575.22
5	KCE	The core business of the Company is the production and distribution of printed circuit boards (PCBs) manufactured from an epoxy glass copper lead laminate. The Company is now able to produce high quality and complex multilayer boards. The PCB is the foundation component of computers, automotive industry, telecommunication devices and most electronic equipment.	32,251.82	18,121.01	14,348.15	2,014.87
6	METCO	The Company manufactures metal and plastic parts for audio and visual equipment and electronic equipment for automobiles and office automation appliances.	3,897.50	8,047.63	13,621.98	152.64

No.	Abbreviation	Business Description	Market Value (as of February 28, 2019)	Total Assets (as stated in financial statement as of December 31, 2018)	Total Revenue (12 months up to December 31, 2018)	Net Profit (12 months up to December 31, 2018)
7	SMT	Manufactures and Assembles Electronics Components for Distribution	1,840.25	2,920.51	1,811.31	70.42
8	SPPT	1. Manufacturing and service of components or devices used with electronic parts which is high precision of customers' pre-order. For production and service of them made by metal and plastic with lathing, cutting, drilling, screwing, polishing and cleaning with pure water using machines controlled by computer system in order to have the products high accuracy (lower than 5 micron).2. Rent the property 3. Service by providing resources, materials, equipment, supplies and labor service 4. Assembly	1,053.30	784.29	669.44	-47.11
9	SVI	The Company provides full turn key business solutions of outsourced services for print circuit board assembly, and electronic finished products (Electronics Manufacturing Service - EMS) to customers who own the product prototype (Original Equipment Manufacturer: OEM). Also, servicing clients who are contract designers (Design House) The Company began operations assembling electronic circuit board and later developed more proficient strategies by concentrating on the production of finished electronic products (Turnkey Box-Build) and the production of finished system-builds (System-Build).	11,555.32	12,904.89	15,791.93	820.86
10	TEAM	The Company develops, designs, and manufactures printed circuit board assemblies (PCBA), box build, and provide supply chain solutions globally in market segments such as medical, industrial, commercial, wireless infrastructure, automotive, telecommunications, and consumer for original equipment manufacturers (OEM).	745.36	1,767.44	1,929.47	14.66

Source: [www.setsmart.com](http://www.setsmart.com)

IFA uses the moving averages of prices to book values of the listed companies for comparison calculated by using that moving average of specified period divided by book value of each company based on the specified period.

Details can be summarized as follow:

P/BV: (times) <sup>1/</sup>	Average Closing Price (day)							
	7	15	30	60	90	120	180	360
HANA	1.41	1.40	1.34	1.36	1.34	1.39	1.53	1.64
CCET	0.53	0.53	0.50	0.49	0.50	0.52	0.59	0.67
KCE	4.16	4.12	3.96	3.75	3.70	3.72	4.01	4.47
SVI	1.30	1.28	1.26	1.26	1.28	1.29	1.30	1.45

P/BV: (times) <sup>1/</sup>	Average Closing Price (day)							
	7	15	30	60	90	120	180	360
Median <sup>3/</sup>	1.36	1.34	1.30	1.31	1.31	1.34	1.41	1.55
Value of DELTA's share (THB/Share) <sup>2/</sup>	36.86	36.47	35.45	35.62	35.72	36.47	38.47	42.08

Source: 1/ [www.setsmart.com](http://www.setsmart.com)

2/ Based on comparable companies' financial statements as of December 31, 2018

3/ IFA chose to use median instead of mean to reduce the effect of outliers

According to the Price to Book Ratio approach, share value of the Company is between THB 35.45 – 42.08 per share which is lower than the Offer Price at THB 71 per share by THB (35.55) – (28.92) per share or (50.06%) – (40.73%), respectively.

### 2.1.5. Price-to-Earnings Ratio Approach

This approach is using earning per share for the last 4 quarters ended December 31, 2018 audited by auditor approved by SEC which is THB 4.12 per share multiplied by closing prices to earnings (P/E) of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of listed companies operating related business to the Company in the sector of the Company as specified in Clause 2.1.4. Price to Book Value Approach: P/BV ratio.

Details can be summarized as follow:

P/E: (times) <sup>1/</sup>	Average Closing Price (day)							
	7	15	30	60	90	120	180	360
HANA	11.19	11.12	10.65	10.62	10.23	10.44	11.28	12.48
CCET	32.81	32.83	31.16	27.73	21.77	18.84	16.14	14.31
KCE	20.34	20.16	19.38	18.24	17.48	17.16	17.60	18.36
SVI	24.55	24.13	23.79	23.28	22.03	20.97	19.21	15.39
Median <sup>3/</sup>	22.44	22.14	21.58	20.76	19.62	18.00	16.87	14.85
Value of DELTA's share (THB/Share) <sup>2/</sup>	92.47	91.23	88.92	85.53	80.85	74.14	69.51	61.16

Source: 1/ [www.setsmart.com](http://www.setsmart.com)

2/ Based on comparable companies' financial statements as of December 31, 2018

3/ IFA chose to use median instead of mean to reduce the effect of outliers

According to the Price-to-Earnings Ratio Approach, share value of the Company is between THB 61.16 – 92.47 per share which is higher (lower) than the Offer Price at THB 71 per share by THB (9.84) – 21.47 or (13.85%) – 30.24%, respectively.



### 2.1.6. Discounted Cash Flow Approach



This valuation approach considers future performance of DELTA and related companies by using present value of projected future Free Cash Flow (FCF) discounted by appropriate discount rate. In this case, IFA calculated Weighted Average Cost of Capital (WACC) as a discount rate and prepared financial projection

of the Company during the period of 5 years (2019 – 2023) which under the assumption that business will continue to be operated on going concern basis without any significant changes under economic conditions substantially similar to currently prevailing conditions and without significant effect from natural disaster that may arise in the future.

IFA prepared the projection on basis of information obtained from the company referring to information and assumptions that received from DELTA and management interviews. If economic conditions or any other factors mentioned above have significantly changed from the time of analysis, the Company would be affected by such changes, which may cause significant changes to the opinion of IFA. Assumptions are as follows:

#### 2.1.6.1. Product Characteristics that the Company produces and distributes


Product Group	Product	Product Details and Product Lines	Business Operation
1. Power Electronics Group	1.1 <u>Category 1 DC-DC Power</u> 	DC-DC Converter's main application is to supply the stable voltage to microprocessor that generally generates unstable load (Dynamic load) during operation. Delta offers high voltage DC-DC converters up to 2560w that provide high power density, a low profile and high efficiency.  Location: Bangpoo Industrial Estate, Samutprakarn Production area: 6,863 sq.m. No. of operators: 307 people Production line: 10 lines	Production and Distribution
	1.2 <u>Category 2 Power Supply for Computer &amp; Networking Power</u> 	This subgroup mainly comprises of power supplies for PCs, servers, networking, workstations, storage and other high voltage power supplies that provide power ranging up to 7200W per power module, with efficiency over 90% and power density up to 25W/inch3  Location: Bangpoo Industrial Estate, Samutprakarn Production area: 5,367 sq.m. No. of operators: 463 people Production line: 8 lines	Production and Distribution
	1.3 <u>Category 3 Power Supply for Custom Design Power</u>	Our custom design provides fully customized innovative solutions/products for the computing (server, networking), office automation, and medical, as well as telecommunications, the automotive industry and industrial applications. As technology leader, our customized solution/products are packed with innovative technologies.  Location: Bangpoo Industrial Estate, Samutprakarn Production area: 22,000 sq.m.	Production and Distribution

		<p>No. of operators: 1,406 people                  Production line: 25 lines</p> <p>Location: Dubnica nad Vahom, Slovak Republic                  Production area: 6,500 sq.m.</p> <p>No. of operators: 136 people                  Production line: 8 lines</p>	
	<p>1.4 Category 4 Fan &amp; Thermal Management (FMBG)</p> 	<p>Delta DC fans are custom-designed and produced with cooling, ventilating and circulating functions to be used in many areas for our world-renowned customers' automotive, telecom, IT, household and industrial applications.</p> <p>Auto Fan                  Location: Wellgrow Industrial Estate, Chahoengsao                  Production area: 8,566 sq.m.                  No. of operators: 880 people                  Production line: 39 lines</p> <p>System Fan                  Location: Wellgrow Industrial Estate, Chahoengsao                  Production area: 2,548 sq.m.                  No. of operators: 600 people                  Production line: 18 lines</p> <p>EMI Filter                  Location: Wellgrow Industrial Estate, Chahoengsao                  Production area: 2,620 sq.m.                  No. of operators: 450 people                  Production line: 18 lines</p> <p>Solenoid                  Location: Wellgrow Industrial Estate, Chahoengsao                  Production area: 645 sq.m.                  No. of operators: 100 people                  Production line: 8 lines</p>	<p>Production and Distribution</p>
	<p>1.5 Category 5 Electrics Vehicle Solutions (EVSBG)</p>	<p>Delta's automotive business provides reliable and efficient EV/HEV powertrain solutions and power electronics components which focused on high power upgrade technology including OBCM of up to 11.0KW, DC/DC converters and APM with an industry-leading 96% energy efficiency of to 3.0KW. The subgroup also develops new traction</p>	<p>Production and Distribution</p>

		<p>inverter related products to support the technology requirements of HEV models on the road today and present the future for the automotive business</p> <p>Location: Bangpoo Industrial Estate, Samutprakarn                  Production area: 16,710 sq.m.                  No. of operators: 623 people                  Production line: 10 lines</p>	
	<p>1.6 <u>Category 6 Merchant &amp; Mobile Power (MPBG)</u></p> 	<p>The Merchant &amp; Mobile Power Business Group includes Delta branded industrial power supplies and adaptor for broadband, printing, game, industrial and power tools. We are one of the world's largest producers of AC/DC adapters for portable computers and other external power source applications. The use of ASIC, hybrid circuits, and thin film technology allow us to produce adapters with industry-leading power density and a broad range of standard power supplies for industrial and medical applications.</p> <p>Location: Bangpoo Industrial Estate, Samutprakarn                  Production area: 6,516 sq.m.                  No. of operators: 1,200 people                  Production line: 14 lines</p>	<p>Production and Distribution</p>
<p>2. กลุ่มผลิตภัณฑ์อัตโนมัติ (Automation)</p>	<p>2.1 <u>Category 7 Industrial Automation (IABG)</u></p> 	<p>Delta offers high-performance, reliable automation products and solutions with high performance and reliability, including drives, motion control systems, industrial control and communication, power quality improvement, human machine interfaces, sensors, meters, and robot solutions. We also provide information monitoring and management systems such as SCADA and Industrial EMS for complete, smart manufacturing solutions.</p>	<p>Trading</p>
	<p>2.2 <u>Category 8 Building Automation (BABG)</u></p> 	<p>BABG products offers since software management to LED products and intelligent CCTV with system integration services to meet its customer's lighting requirements. Our products include drivers, industrial luminaires and smart street light solutions. Our services include lighting design, energy-saving plans for lighting systems, technical support and project management to build automatic building systems based on commercial building, airport, hotel, department stores etc.</p>	<p>Trading</p>



3 Infrastructure Group	<p>3.1 <u>Category 9 ICT Infrastructure (ICTBG)</u></p> 	<p>Delta's ICT Infrastructure has divided into 2 segments which are includes telecom power systems, networking systems, and UPS &amp; datacenter infrastructure..</p> <p>Delta is a pioneer in providing energy saving solutions for Telecom network requirements. Every 2nd telecom site in India is powered by Delta's Power solutions. We leverage our board product portfolio to serves telecom operators, telecom equipment manufacturers &amp; infrastructure companies. With a market share of over 50%, the company provides customized solutions for indoor &amp; outdoor applications. Delta provides solutions for all network layers starting from MSC (Bulk Power), BSC (Medium Power), BTS/Cell Site (Power Sharing-Multi Operator) &amp; Last Mile Connectivity Solutions for 4G/LTE/Wi-Fi application with both DC &amp; AC output. Additionally, Delta is actively participating in non-telecom applications like Railways, PGCIL, Smart City Applications &amp; Surveillance Solutions.</p> <p>Location: Bangpoo Industrial Estate, Samutprakarn  Production area: 1,800 sq.m.  No. of operators: 127 people  Production line: TPS 5 lines, System 1 line, Power Distribution Unit (PDU) 1line and Medical PDU 1 line.</p> <p>Location: Plot No 38, Phase 1, Sector 5, Integrated Industrial Estate, Pantnagar (Rudrapur), Udham Singh Nagar, Uttarakhand India -263153  Production area: 13,500 sq.m.  No. of operators: 250 people  Production line: Telecom Power Systems 10 lines, UPS 2 line</p> <p>Location: Dubnica nad Vahom, Slovak Republic  Production area: 3,000 sq.m.  No. of operators: 120 people  Production line: Telecom Power Systems 12 lines</p> <p>Location: Liptovsky Hradok, Slovak Republic  Production area: 3,500 sq.m.  No. of operators: 300 people  Production line: Telecom Power Systems 12 lines</p>	Production and Distribution
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	<p>3.2 <u>Category 10 Energy Infrastructure Solutions (EISBG)</u></p> 	<p>Such as the Energy Infrastructure includes renewable energy, EV charging that can be used for many levels for Residential, Commercial and Large-scale application. Moreover, they also generate consistent income since power is sold to the grid at prices guaranteed by the government.</p>	<p>Trading</p>
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### 2.1.6.2. Revenue from operation

#### 2.1.6.2.1. Selling price per piece

Most of the Company's electronic components have approximately 3-5 years of Product Life Cycle. As the prices are decreasing along their Product Life Cycles, IFA therefore assumes all product prices in 2019 equal to product prices in 2018 and keeps them constant until the end of projection period using conservative basis approach due to possibility of product price increase for newly launched products or co-developed products with its customers. As the result, the Company's gross profit margin was declining from 26.48 percent in 2016 to 22.84 percent in 2018. The reason might be from world increasing market competitive condition and changes in sales volume of each product.

#### 2.1.6.2.2. Maximum capacity

DELTA is a producer of electronic components with high technology machines. The Company has continuously improved its machinery efficiency therefore some of its production lines can be rotated. As a result, the Company can change its production capacities for some of its electronic parts to fit market condition which leads to a fluctuation in historical maximum capacity during 2016 - 2018 (the production capacity was 82.54, 98.50 and 102.97 million pieces, respectively). Therefore, IFA is using the maximum capacity provided by the Company of 103.21, 103.21 and 110.71 million pieces from 2019 - 2021, respectively and assumed to be constant until the end of projection period. IFA has assumed that the maximum capacity will be continuously increased until 2021 due to the Company's investments in 2018 and 2019 to increase the production capacity of ICTBG in Slovakia and India and the production capacity of Power Electronics, EVSBG and FMBG in Thailand. The Company is expecting to reach its full production capacity in 2021.

#### 2.1.6.2.3. Growth rate of production capacity and sales volume

As nature of the electronic products, production capacity and sales volume are highly fluctuated. As, the Company is an expert in this field therefore its production capacity and sales volume are one of the most reliable prediction. Therefore, after reviewing of the Company's historical production growth rate, IFA has assumed production capacity and sales volume growth rate based on data from the Company. Currently, the

Company's sale projection is based on customer's future contracts and pre-orders up until future 1-3 months. However, IFA has reviewed and updated some assumptions under conservative basis that results in the growth rate of production capacity and sales volume to be increasing reasonably.

#### Power Electronics

- IFA has determined DC-DC power growth rate of 6.50% per year in 2019 and will be no growth from 2020 until the end of the projection according to the Company's estimation which complied with the historical growth rate. The DC-DC power had negative growth rates during 2016 – 2018 (18.01%), (2.65%) and 2.18% per year, respectively. However, it has been estimated that DC-DC power growth rate will turn to be positive in 2018 as orders has increased continually along each quarter in 2018 therefore the Company expects similar orders until the end of 2019 and will be no growth afterwards.
- IFA has determined Computer & Networking Power growth rates of 7.00% , 2.50% and 2.50% per year in 2019 and 2021, respectively, and no growth from 2022 until the end of the projection. The historical growth rates between 2016 - 2018 were (15.87%), (17.85%) and 11.34% per year, respectively. Computer & Networking Power growth rate turned to be positive in 2018 as the Company has acquired new customers. As a result, IFA has assumed sales growth to continue increasing until 2022. In addition, IFA based the growth rate of sales volume mainly from information received from the Company and adjusting the rate to reflect future growth rate of sales volume.
- IFA has determined Custom Design Power growth rate of 6.00% per year from 2019 until the end of projection period according to the Company's estimation. As Custom Design Power equipment is the Company's expertise, Custom Design Power products had maintained its revenue more than THB 10,000 million for the last 3 years with average yearly growth rate at 6.00% per year which is align with the Company's estimation.
- IFA has determined MPBG growth rates of 10.00%, 5.00% and 2.50% per year in 2019 – 2021, respectively, and no growth from 2022 until the end of projection period according to the Company's estimation. Main reason is that the product nearly reaches its production maximum capacity (the growth rates of sales volume were 9.30%, 18.71% and 24.33% per year in 2016 - 2018, respectively).
- IFA has determined FMBG growth rates of 10.00% and 5.00% per year in 2019 and 2020, respectively and 3.00% per year from 2021 until the end of projection period. Historical growth rates had kept increasing at 13.93%, 12.62% and 11.67% per year during 2016 – 2018, respectively, resulting in the sales revenue to reach THB 7,000 million – THB 7,500 million per year. Nonetheless, the Company estimates that there will be a market size contraction from more intense market competition. Moreover, the Company plan to focus more on electronic components for electronic vehicles and renewable energy as the Company views that the mentioned industries will grow significantly in the future. In addition, IFA based the growth rate of sales volume mainly from information received from the Company and adjusting the rate to reflect historical growth rate of sales volume.

- IFA has determined EVSBG growth rates of 12.00%, 10.00% and 6.00% per year in 2019 – 2021, respectively, and 5.00% per year from 2022 until the end of projection period. This growth rate continues until the end of projection period because of the Company's plan to increase the sales volume of EVSBG in order to respond to increasing world demand toward electric power cars. At present, the Company's sales for EVSBG is around THB 5,000 – 6,000 million per year which the Company is expecting a rise to be around THB 8,000 – 9,000 million per year in the future.
- IFA has determined ICTBG grow rates of 5.00% per year in 2019 and 1.00% per year from 2020 until the end of projection period according to the Company's estimation. In 2017, historical growth rate was (15.22%) per year due to the decrease of sales volume from the selling of the Company's subsidiary. Nonetheless, in the same year, the Company acquired Eltek s.r.o. which is a producer of electronic components in Slovakia with hope to bring the sales volume of ICTBG up.
- IFA has determined other trading products in Power Electronics grow rates of 15.00%, 10.00% and 5.00% per year in 2019-2021, respectively, and no growth rate from 2020 until the end of projection period.

#### Automation

- IFA has determined IABG grow rates of 30.00%, 20.00% and 20.00% per year in 2019 – 2021 and 12.00% per year from 2022 until the end of projection period according to the Company's estimation. Sales volume of IABG is planned to be continuously increased from the Company's attempt to gain more market share in India by adjusting marketing strategy, increasing sales teams and building manufacturing base in India. The aim is to reach THB 4,000 million sales volume per year.

#### Infrastructure

- IFA has determined EISBG, trading product, growth rates of 50.00%, 25.00%, 25.00%, 22.00% and 20.00% per year in 2019 – 2023, respectively, according to the Company's estimation. Sales volume of EISBG is planned to be continuously increased from the Company's attempt to gain more market share in India by adjusting marketing strategy, increasing sales teams and building manufacturing base in India. The aim is to reach THB 4,000 million sales volume per year.

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Maximum Capacity (Million pieces)	82.54	98.50	102.97	103.21	103.21	110.71	110.71	110.71
Utilization Rate (%)	75.43%	70.15%	76.41%	83.48%	87.29%	83.57%	85.24%	86.96%
Revenue from Power Electronics Category	33,481.27	36,671.77	40,218.00	43,683.91	46,074.24	47,917.93	49,446.09	51,053.84
Revenue from Automation Category	1,974.05	1,750.85	1,711.58	2,189.89	2,627.86	3,153.44	3,531.85	3,955.67
Revenue from Infrastructure Category	11,087.60	10,495.55	10,657.15	11,713.87	12,250.10	12,896.47	13,598.41	14,366.85
Revenue from other products both production and selling	344.34	305.84	479.92	437.11	462.64	485.53	505.33	526.58
<b>Total Revenue from production and selling</b>	<b>46,887.26</b>	<b>49,224.01</b>	<b>53,066.65</b>	<b>58,024.78</b>	<b>61,414.85</b>	<b>64,453.37</b>	<b>67,081.68</b>	<b>69,902.95</b>

Remark: Some revenue item in this table might be different from the Company's annual report due to the adjustment on product classification from IFA to make reasonably financial projection.

### 2.1.6.3. Other Income

Other income consists of interest income, foreign exchange income, service income and rental income from Germany.

- IFA has determined that interest income from 2019 until the end of projection period equals to 1.10% of cash and deposit accounts with obligation based on the Company's last 3-year average historical data (2016-2018).
- IFA has determined that, from 2019 until the end of projection period, there will be no foreign exchange income using conservative basis approach due to the lack of valid financial assumptions to support the determination of future foreign exchange income since IFA is not an expert in foreign exchange estimation.
- The Company's service income comes from constructing and engineering support which IFA has determined that, from 2019 until the end of projection period, this service income equals to 0.67% of revenue from operation based on the Company's last 3-year average historical data (2016-2018).
- IFA has determined that rental income from Germany in 2019 equals to last 3-year average rental income (2016-2018). After that until the end of projection period, the rental income will be growing at a rate of 2.00% per year according to the policy of the Company's subsidiary in Germany.

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Other Income	581.48	571.48	641.36	617.92	604.90	672.78	744.09	823.15
Proportion of sale from revenue	1.24%	1.16%	1.21%	1.06%	0.98%	1.04%	1.11%	1.18%

### 2.1.6.4. Cost of goods sold

#### Raw Material Cost

- There are 2 main raw materials, Electrical parts and Mechanical parts, used in the Company's production. Electrical parts consist of IC, Diode, Mosfet, PWM, Capacitors, Fuse and Resister Relay and mostly are imported in USD currency from Singapore, Hongkong, Japan, Taiwan, Europe and USA. Mechanical parts consist of Metal stamping, Die-casting, Wire Harness, Plastic Injection, PWB and Packaging and are mostly purchased domestically and imported from China.
- IFA has determined raw material costs for each product based on 2018 historical proportion of its raw material cost to its revenue and keeps these proportions constant until the end of projection period. As facing material shortage which raised prices of materials in 2018, the Company gross profit margin started to decrease since the late of 2018, from 26.48 in 2016 to 22.72 in 2018. Therefore, IFA believes that 2018 historical proportion is the most appropriate to reflect current market situation and the Company's current operation.

#### Direct labor cost and manufacturing overhead cost

- Consisting of direct labor cost, utilities expense, maintenance cost, wages and etc. IFA has determined direct labor cost and manufacturing overhead cost differently for each product based on 2018

historical proportion of its direct labor cost and manufacturing overhead cost to its revenue and keeps these proportions constant until the end of projection period. IFA believes that 2018 historical proportion is the most appropriate to reflect the Company's current operation,

- IFA has determined wages for each product based on the proportion of its wage to its revenue and keeps these proportions constant until the end of projection period according to the Company's policy in hiring workers for manufacturing on a daily basis whose number is currently at around 81.00% of the total employees in the Company in Thailand.

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Cost of goods sold	34,471.47	36,677.28	40,943.97	44,843.46	47,629.68	50,071.45	52,083.11	54,436.41
Proportion to sales revenue	73.52%	74.51%	77.16%	77.28%	77.55%	77.69%	77.64%	77.87%

#### 2.1.6.5. Selling Expense

Selling expense consists of (1) wages, salary and employee-related cost considered as fixed cost (2) advertising expense, sales and promotion expense, repairing cost, travel cost and other expenses (3) commission cost considered as proportional to total revenue and (4) Royalty fees considered as proportional to revenue of some product. Details of the assumptions are as follows;

- IFA has determined that, from 2019 until the end of projection period, wages, salary and employee-related cost will be growing at a rate of 4.50% per year according to the Company's policy. The reason for not including historical data in 2016-2017 to form the assumption is that the Company sold its subsidiary in Switzerland in 2017 which caused differences between past expenses and current expenses.
- IFA has determined that, from 2019 until the end of projection period, advertising expense, sales and promotion expense, repairing cost, travel cost and other expenses will be growing at a rate of 1.00% per year according to 5-year average core inflation from Bank of Thailand which is align with the Company's estimation to maintain the level of these expenses and its profit margin.
- IFA has determined that, from 2019 until the end of projection period, commission cost is determined by last 3-year average historical proportion of commission costs to total revenues (2016-2018).
- Royalty fees comes from the production and sales of certain product types which the Company needs to pay to its headquarter. IFA has determined royal fees based on the proportion of royal fee to revenue of subjected products under the contract made with the Company's headquarter.

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Selling expense	3,104.09	2,686.74	3,774.26	4,092.94	4,257.94	4,391.70	4,509.90	4,633.70
Proportion to sales revenue	6.62%	5.45%	7.11%	7.05%	6.93%	6.81%	6.72%	6.63%

### 2.1.6.6. Administrative Expense

Administrative expense consists of 1) wages, salary and employee-related cost considered as fixed cost (2) office expense, consulting fee, repairing cost, travel cost and other expenses. Details of the assumptions are as follows;

- IFA has determined that, from 2019 until the end of projection period, wages, salary and employee-related cost will be growing at a rate of 4.50% per year according to the Company's policy. The reason for not including historical data in 2016-2017 to form the assumption is that the Company sold some of its subsidiaries in 2017 which caused differences between past expenses and current expenses.
- IFA has determined that, from 2019 until the end of projection period, office expense, consulting fee, repairing cost, travel cost and other expenses will be growing at a rate of 1.00% per year according to 5-year average core inflation from Bank of Thailand which is align with the Company's estimation to maintain the level of these expenses and its profit margin. The reason for not including historical data in 2016-2017 to form the assumption is that the Company sold some of its subsidiaries in 2017 which caused differences between past expenses and current expenses.

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Administrative expense	1,691.40	1,596.69	1,561.39	1,608.57	1,657.69	1,708.85	1,762.14	1,817.64
Proportion to sales revenue	3.61%	3.24%	2.94%	2.77%	2.70%	2.65%	2.63%	2.60%

### 2.1.6.7. Research and Development Expense

Research and development expense come from new business expansion and development of new electronic components in order to respond to larger customer group. The Company has determined its budget for research and development in 2019-2023 at around THB 2,398.03 – THB 2,510.17 million per year, respectively, which is align with the Company's historical data. The decrease in proportion to sales revenue comes from changes in the Company's policy in certain products from service revenues to be royalty fee.

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Research and Development expense	2,523.53	2,692.30	2,042.69	2,398.03	2,481.20	2,503.52	2,474.67	2,510.17
Proportion to sales revenue	5.38%	5.47%	3.85%	4.13%	4.04%	3.88%	3.69%	3.59%

### 2.1.6.8. Currency Exchange Rate

IFA applies THB currency in the projection. Although the currency is subject to change from foreign exchange rate since the Company has many subsidiaries abroad, the prediction of foreign exchange rate is hardly to be done precisely. Therefore, IFA will not include the impact from foreign exchange rate in this projection (using THB according to the Company's financial statements).

### 2.1.6.9. Depreciation

Depreciation of each asset is projected to be constant calculated using straight line method. The depreciation of each asset is calculated differently based on the accounting standard specified in the note of financial statement and reference from historical company's depreciation with the details as follow:

Asset	Useful life (year)
Building	10 - 50
Land Improvement	5 - 10
Machine and Equipment	3 - 7
Mold	2 - 5
Installation Machine	5 - 15
Furniture and Office Equipment	5 - 7
Computer	3 - 5

### 2.1.6.10. Corporate Income Tax

DELTA has manufacturing and distributing bases in many countries resulted in various corporate income tax rates. Moreover, DELTA also was granted investment promotion from Board of Investment (BOI) for producing some electronic components in Thailand with different tax exemption periods based on the conditions specified in the cards. In addition, DELTA expects to renew these cards. Therefore, IFA has determined corporate income tax rate of 3.67% of net earnings before tax according to average historical corporate income tax rate between 2016 – 2018.

### 2.1.6.11. Capital Expenditure

IFA has assumed that the Company's capital expenditure all through the projection period according to the Company's information as follows;

(Unit: THB Million)	2019F	2020F	2021F	2022F	2023F
Capital Expenditure for Factory building, machine and equipment	1,950.00	1,950.00	1,950.00	1,950.00	1,950.00
Capital Expenditure for research and development and factory in India	3,835.0				
Capital Expenditure for new factory in Thailand	1,153.75				
<b>Total</b>	<b>6,938.75</b>	<b>1,950.00</b>	<b>1,950.00</b>	<b>1,950.00</b>	<b>1,950.00</b>

### 2.1.6.12. Loan

The Company has no short-term loan and long-term loan from financial institution as of December 31, 2018.

### 2.1.6.13. Other ratios in Statement of Financial Position

Average historical data between 2016 and 2018 is applied because of its potential to reflect the future from its similarity and low fluctuation (average collection period is in between 75.75 – 79.84 days, inventory



turnover is in between 71.14 – 76.42 days and average payable period is in between 64.18 – 73.88 days). According to the interview with the Company's management, it is likely that the Company's operation will be the same therefore, after considering appropriateness, IFA's determinations will be constant and are as follows:

Average collection period	78.02 days
Inventory turnover	74.04 days
Average payable period	69.36 days

The Company projection in 2019 – 2023 is as follows;

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Total assets	46,319.27	46,017.63	48,200.69	51,000.71	57,065.62	63,507.14	70,392.93	77,619.27
Total liabilities	14,428.18	13,543.90	14,259.77	14,722.96	15,315.93	15,859.79	16,335.52	16,845.61
Total shareholder's equity	31,891.09	32,473.72	33,940.92	36,277.76	41,749.69	47,647.34	54,057.41	60,773.66
Total revenue	47,651.76	50,284.90	53,884.50	58,642.70	62,019.75	65,126.16	67,825.77	70,726.09
Cost of goods sold	34,471.47	36,677.28	40,943.97	44,843.46	47,629.68	50,071.45	52,083.11	54,436.41
Selling expense	3,104.09	2,686.74	3,774.26	4,092.94	4,257.94	4,391.70	4,509.90	4,633.70
Administrative expense	1,691.40	1,596.69	1,561.39	1,608.57	1,657.69	1,708.85	1,762.14	1,817.64
Research and Development expense	2,523.53	2,692.30	2,042.69	2,398.03	2,481.20	2,503.52	2,474.67	2,510.17
Other expense	129.87	101.92	270.49	295.76	313.04	328.53	341.92	356.30
Finance cost	45.16	19.63	9.42	0.00	0.00	0.00	0.00	0.00
Net Profit (loss)	5,516.29	4,928.83	5,126.44	5,205.81	5,471.94	5,897.65	6,410.07	6,716.25
EBIT (1)				5,403.95	5,680.20	6,122.12	6,654.03	6,971.87
Tax (2)				198.13	208.26	224.46	243.97	255.62
Depreciation (3)				1,223.86	1,369.54	1,426.73	1,407.77	1,574.43
Capital Expenditure (4)				6,230.31	1,950.00	1,950.00	1,950.00	1,950.00
Decrease (Increase) in working capital (5)				(178.48)	670.86	592.53	500.75	539.48
Free Cash Flow to Firm = 1 – (2) + (3) – (4) + (5)				377.80	4,220.53	4,781.76	5,366.98	5,801.09

#### 2.1.6.14. Financial Projection of Delta Electronics (Switzerland) ("DES") (DELTA holds 49.00% of registered capital)

- DES is one of the non-controlling companies of DELTA. As IFA cannot access to DES's information such as sales volume, selling price, internal financial statement and other related information similarly to those received from DELTA, the information received from DELTA (financial statement, financial estimation and management interview) is assumed to be sufficient for this projection.
- DES is located at Freiburgstrasse 251, CH-3018, Bern-Bümpliz, Switzerland with CHF 20,000,000 registered capital (decreased to CHF 10,000,000 registered capital in December 19, 2018). The business operation is trading electronic components and performing research and development.
- Sales revenue : IFA has determined a decrease rate of 15.00% of sales revenue in 2019 because of one-time large order from Egypt in 2018. From 2020 until the end of projection period, sales revenue will be growing at a rate of 2.00% per year according to the Company's estimation.

- Cost of goods sold: Similar to other trading businesses, DES's cost of goods sold varies directly to sales revenue. IFA has assumed cost of goods sold from 2019 until the end of projection based on last 3-year average historical proportion of cost of goods sold to sales revenue (2016-2018).
- Selling Expense: Most DES's selling expense also varies directly to sales revenue. IFA has assumed selling expense from 2019 until the end of projection period based on last 3-year average historical proportion of selling expense to sales revenue (2016-2018).
- Administrative Expense: Most DES's administrative expense is considered fixed cost, therefore IFA has determined that administrative expense in 2019 equals to DES's last 3-year historical data (2016-2018). From 2020 until the end of projection period, administrative expense will be growing at a rate of 3.00% per year.
- Research and Development Costs: Research and development expense of DES comes from new business expansion and development of new electronic components in order to respond to larger customer group. IFA has determined that research and development costs in 2019-2023 equal to around THB 180.31 – THB 195.18 million per year, respectively.
- Capital Expenditure: IFA has assumed DES's capital expenditure at THB 1.00 million per year all through the projection period.
- Under the aforementioned assumptions, the summary of financial statement, income statement and Free Cash Flow to Firm are as follows;

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F	2023F
Total revenue	3,377.69	2,883.41	4,229.39	3,594.98	3,666.88	3,740.22	3,815.02	3,891.32
Cost of goods sold	2,576.42	2,140.92	3,148.56	2,617.78	2,670.13	2,723.53	2,778.00	2,833.56
Selling expense	439.17	419.70	679.05	522.63	533.08	543.74	554.62	565.71
Administrative expense	112.97	88.31	108.38	103.22	106.32	109.51	112.79	116.18
Research and Development expense	160.86	81.60	171.10	180.31	183.92	187.60	191.35	195.18
Finance cost	0.09	0.29	2.06	0.00	0.00	0.00	0.00	0.00
Net Profit (loss)	92.35	126.56	95.74	156.83	158.96	161.17	163.39	165.63
EBIT (1)			0.00	171.40	173.73	176.14	178.57	181.01
Tax (2)			0.00	14.57	14.77	14.97	15.18	15.39
Depreciation (3)			0.00	1.35	1.25	1.39	1.32	1.08
Capital Expenditure (4)			0.00	1.00	1.00	1.00	1.00	1.00
Decrease (Increase) in working capital (5)			0.00	143.89	5.64	5.75	5.86	5.98
Free Cash Flow to Firm = 1 – (2) + (3) – (4) + (5)			0.00	13.29	153.58	155.82	157.85	159.72

#### 2.1.6.15. Financial Projection of Delta Greentech Electronics Industry llc (“DEGT”) (DELTA holds 49.00% of registered capital)

- DEGT is one of the non-controlling companies of DELTA. As IFA cannot access to DEGT's information such as sales volume, selling price, internal financial statement and other related information similarly to those received from DELTA, the information received from DELTA (financial statement, financial estimation and management interview) is assumed to be sufficient for this projection.

- DEGT is located at Serifali Mevkii Barbaros Bulvari Soyleyisi Sok No. 19/1 34775, Y. Dudullu-Umraniye, Istanbul, Turkey with TRY 23,517,175 of registered capital. The business operation is trading electronic components.
- Sales revenue: IFA has determined a growth rate of 50.00% of sales revenue in 2019 because of customers' pre-orders in 2018. From 2020 until the end of projection period, sales revenue will be growing at a rate of 1.00% per year according to the Company's estimation.
- Cost of goods sold: Similar to other trading businesses, DEGT's cost of goods sold varies directly to sales revenue. IFA has assumed cost of goods sold from 2019 until the end of projection based on 2018 historical proportion of cost of goods sold to sales revenue since DEGT's operating revenue started to be generated in 2018 – 2019.
- Selling Expense: Most DEGT's selling expense also varies directly to sales revenue. IFA has assumed selling expense from 2019 until the end of projection period based 2018 historical proportion of selling expense to sales revenue.
- Administrative Expense: Most DEGT's administrative expense is considered fixed cost, therefore IFA has determined that, from 2019 until the end of projection period, administrative expense will be growing at a rate of 3.00% per year.
- Other Expense: In 2018, DEGT was subjected to dispose its obsolete products which are causes of other expense on its income statement. Therefore, IFA has assumed that, from 2019 until the end of projection period, there will be no other expense according to the Company's estimation.
- Capital Expenditure: IFA has assumed DEGT's capital expenditure at THB 0.50 million per year all through the projection period.
- Under the aforementioned assumptions, the summary of financial statement, income statement and Free Cash Flow to Firm are as follows;

(Unit: THB Million)	2016A	2017A	2018A	2019F	2020F	2021F	2022F
Total revenue	67.97	423.83	635.75	642.11	648.53	655.01	661.56
Cost of goods sold	54.13	314.47	471.71	476.43	481.19	486.00	490.86
Selling and Administrative expense	14.50	57.80	85.64	86.54	87.45	88.38	89.31
Research and Development expense	0.65	-	-	-	-	-	-
Finance cost	0.00	(0.63)	(0.44)	(0.44)	0.00	0.00	0.00
<b>Net Profit (loss)</b>	<b>2.29</b>	<b>1.21</b>	<b>64.71</b>	<b>65.32</b>	<b>66.30</b>	<b>66.92</b>	<b>67.55</b>
EBIT (1)			78.40	79.14	79.88	80.63	81.39
Tax (2)			13.25	13.38	13.58	13.71	13.84
Depreciation (3)			0.57	0.59	0.57	0.59	0.50
Capital Expenditure (4)			0.50	0.50	0.50	0.50	0.50
Decrease (Increase) in working capital (5)			92.89	1.10	1.11	1.12	1.13
Free Cash Flow to Firm = 1 – (2) + (3) – (4) + (5)			(27.68)	64.75	65.26	65.89	66.42

### 2.1.6.16. Terminal Value

IFA has determined a growth rate of 1.00% per year after the projection period according to 5-year average core inflation rate from Bank of Thailand. Since IFA views that inflation is one of the significant factors reflecting price increase for all products therefore it is suitable to be a growth rate of the Company's future free cash flow after the projection (Terminal Value).

### 2.1.6.17. Discount Rate

The discount rate applied to the calculation of the present value of free cash flow is the Weighted Average Cost of Capital (WACC) capital based on the capital structure of DELTA, which derived from the weighted average of Cost of Debt (K<sub>d</sub>) and Cost of Equity (K<sub>e</sub>) and IFA has assumed no capital increase during the projection period. Details of discount rate will be as follows;

WACC	=	$K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$
K <sub>e</sub>	=	Cost of equity or shareholders' required rate of return (R <sub>e</sub> )
K <sub>d</sub>	=	Cost of debt or loan interest rate
T	=	Corporate income tax rate
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity (K<sub>e</sub>) or the required rate of return for shareholders (R<sub>e</sub>) is derived from the Capital Asset Pricing Model (CAPM) as follows;

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

whereby

Risk Free Rate (R<sub>f</sub>) = 3.45% p.a. based on 25-year government bond yield (information as of July 31, 2018 which is the longest maturity government bond which is issued regularly and is align with the going concern basis of the principle of share valuation.

Beta (β) = 0.65 Beta in reference from company's 2-year average historical data until July 31, 2018 which IFA views that this beta can reflect the price fluctuation and present investor's overview to the Company (IFA has used the data up until July 31, 2018 which is the date that the Tender Offeror announced its willingness to purchase the Company's securities which made the Company's share price increased nearly to the Tender Offer Price and caused significant change to the Company's Beta) (Source: EFinance)

Market Risk (R<sub>m</sub>) = 12.16% p.a. based on the average returns on investment in the SET over the past 25 years during year 1993 – July 2018 as it could reflect the return most appropriately and has low effect from the fluctuation in market price. IFA did not take into account the market data during 1975 – 1992 because they were returns during the establishment of the SET when few companies were listed, and trading volume was

still low. Therefore, the calculated required rate of return of 9.08% per year may not reflect the actual market return.

$K_d$  = Estimated loan interest rate of the Company. However, according to the financial statement of the Company as of December 31, 2018, there is no short term and long-term loans from financial institutions.

D/E Ratio = Estimated Debt to Equity Ratio each year.

T = Corporate income tax rate p.a.

From mentioned information for calculation, WACC of the Company can be summarized as follows;

	2019F	2020F	2021F	2022F	2023F
WACC (%)	9.08%	9.08%	9.08%	9.08%	9.08%

Free Cash Flow of the Company can be summarized as follows:

	2019F	2020F	2021F	2022F	2023F
DELTA's Free Cash Flow	377.80	4,220.53	4,781.76	5,366.98	5,801.09
DES's Free Cash Flow (holds 49.00%)	(13.56)	31.73	31.98	32.29	32.55
DEGT's Free Cash Flow (holds 49.00%)	6.51	75.25	76.35	77.34	78.26
<b>Total Free Cash Flow</b>	<b>370.75</b>	<b>4,327.51</b>	<b>4,890.09</b>	<b>5,476.61</b>	<b>5,911.90</b>
<b>Present Value of Free Cash Flow</b>	<b>344.85</b>	<b>3,690.27</b>	<b>3,822.97</b>	<b>3,925.19</b>	<b>3,884.56</b>

(Unit: THB Million)

PV of Terminal Value	48,572.39
<b>Total PV of Free Cash Flow</b>	<b>64,240.24</b>
Add: Cash and short-term investment as of December 31, 2018	15,607.75
Less: Interest-bearing liabilities as of December 31, 2018	-
<b>Net PV of Free Cash Flow</b>	<b>79,847.99</b>
Number of paid-up shares (share)	1,247,381,614.00
<b>Net PV of Free Cash Flow per share (THB/Share)</b>	<b>64.01</b>

Moreover, IFA also conduct Sensitivity Analysis of share value by adjusting the discount rate or WACC with  $\pm 0.25$  percent per annum.

	Discount Rate: WACC per annum		
	+0.25%	0%	-0.25%
Share Price DELTA (THB/Share)	62.33	64.01	65.80

From the Sensitivity Analysis, the share price of DELTA will be THB 62.33 – 65.80 per share lower than the Offering Price of THB 71.00 per share by THB (8.67) – (5.20) or (12.21%) – (7.32%), respectively.

## 2.2. Summary of Share Valuation

Following table is the summary of different approaches used to evaluate the Company's share value compared with Offer Price

(Unit: THB/Share)

Valuation approach	Share value (THB/Share)	Offer Price	Higher (Lower) than Offer Price	Higher (Lower) than Offer Price as %
1) Book Value Approach	27.21	71.00	(43.79)	(61.68)
2) Adjusted Book Value Approach	25.75	71.00	(45.25)	(63.74)
3) Market Value Approach <sup>1/</sup>	65.45 – 67.80	71.00	(5.55) – (3.20)	(7.82) – (4.51)
4) Price to Book Value Ratio Approach (P/BV Ratio)	35.45 – 42.08	71.00	(35.55) - (28.92)	(50.06 - (40.73)
5) Price to Earnings Ratio Approach (P/E)	61.16 – 92.47	71.00	(9.84) – 21.47	(13.85) – 30.24
6) Discounted Cash Flow Approach <sup>1/2/</sup>	62.33 – 65.80	71.00	(8.67) - (5.20)	(12.21) – (7.32)

Remark: 1/ Appropriated Approaches for this valuation of the Company's shares in the Opinion of IFA

2/ The value of the Company's shares is calculated from WACC is 9.08%

These share evaluation approaches have its different advantages and disadvantages reflecting the appropriateness of the calculated share prices as follows:

1) Book Value Approach takes into account the financial position at any one point in time and the value of the property as it was recorded, without regard to their abilities to earn profits, results of operations in future, the competitiveness of the Company, or the economic and industry overview. Thus, IFA believes this valuation method is not suitable for estimating the fair value of the Company's shares and may not reflect the real value of the equity shares of the Company.

2) Adjusted Book Value Approach can reflect the better assets' values than the 1st method (Book Value Approach) due to the fact that book value will be adjusted with new appraised value of land related to assets or taxes to reflect the market value or fair value and dividend payment then divided by the number of shares. However, this method also does not take into account the ability to earn profits and operating results in the future. Thus, IFA believes this method may not be the best method to reflect the real value of the Company.

3) Market Price Approach is a market mechanism, which determines price by the supply and demand of the Company's stocks in traded market. It can reflect the value of the stocks at that time based on the fundamentals of the Company and the Company's future growth potential as well as the past history of the Company's performance. It can be used as a reference price to reflect the actual price of the shares of the Company.

4) Price to Book Value Ratio Approach takes into account the Company's financial statement at one point in time by comparing to the set of referral companies. This approach assumes that the Company's capability and potential are comparable among the group of companies. However, this method does not consider the Company's ability to earn profits and operating results in the future. IFA uses 4 comparable companies (CCET, HANA, KCE and SVI), which are listed in the same sector as DELTA. However, the difference is that other companies' main revenues come from different types of products. As a result, this valuation approach might produce inaccurate value of the shares of the Company.

5) Price to Earnings Ratio Approach takes into account of the Company's current profit by comparing to the set of referral companies. This approach assumes that the Company's capability and potential are comparable among the group of companies. This method is quite popular to estimate the Company's value under the assumption that the Company's ability has to be similar to others in the group. IFA uses 4 comparable companies (CCET, HANA, KCE and SVI), which are listed in the same sector as DELTA. However, the difference is that other companies' main revenues come from different types of products. As a result, this valuation approach might produce inaccurate value of the shares of the Company.

6) Discounted Cash Flow Approach reflects the Company's ability to generate profits and future cash flows estimated from the forecasted future net cash flows based on the historical performance, ability to operate and generate profit in the future under current economic situation and future operating performance assumptions of the Company. Therefore, IFA views that this approach is appropriate in evaluating the Company. This approach shall reflect the real value of the Company.

IFA has an opinion that Market Value Approach and Discounted Cash Flow Approach are appropriate for this valuation. The evaluated price range of ordinary shares is between Bath 62.33 – 67.80 per share and the Tender Offer Price at THB 71.00 per share is higher than the evaluated price range. Therefore, the Tender Offer Price is considered appropriate.

### 3. Reasons to Accept and/or Reject the Tender Offer

IFA has considered Form 247-4 and its amendments along with other related information and concluded that the shareholders should accept the Tender Offer from the Tender Offeror with supportive reasons as follows.

#### 3.1. Reasons to Accept the Tender Offer

##### 3.1.1. Tender Offer Price

In order to determine the fairness of the Tender Offer Price, IFA has conducted DELTA's share price evaluation by using 6 following approaches which are 1) Book Value Approach 2) Adjusted Book Value Approach 3) Market Price Approach 4) Price to Book Value Ratio Approach or P/BV Ratio 5) Price-to-Earnings Ratio Approach and 6) Discounted Cash Flow Approach as shown in the summary table below.

(Unit: THB/Share)

Valuation approach	Share value (THB/Share)	Offer Price	Higher (Lower) than Offer Price	Higher (Lower) than Offer Price as %
1) Book Value Approach	27.21	71.00	(43.79)	(61.68)
2) Adjusted Book Value Approach	25.75	71.00	(45.25)	(63.74)
3) Market Value Approach <sup>1/</sup>	65.45 – 67.80	71.00	(5.55) – (3.20)	(7.82) – (4.51)
4) Price to Book Value Ratio Approach (P/BV Ratio)	35.45 – 42.08	71.00	(35.55) - (28.92)	(50.06 - (40.73)
5) Price to Earnings Ratio Approach (P/E)	61.16 – 92.47	71.00	(9.84) – 21.47	(13.85) – 30.24
6) Discounted Cash Flow Approach <sup>1/2/</sup>	62.33 – 65.80	71.00	(8.67) - (5.20)	(12.21) – (7.32)

Remark: 1/ Appropriated Approaches for this valuation of the Company's shares in the Opinion of IFA

2/ The value of the Company's shares is calculated from WACC is 9.08%

IFA has an opinion that Market Value and Discounted Cash Flow Approach are appropriate for Delta's valuation. The evaluated price range of ordinary shares is between THB 62.33 – 67.80 per share which lower than the Tender Offer Price at THB 71.00 per share by the range of THB (8.67) - (3.20) per share or (12.21%) - (4.51%) respectively. Therefore, the Tender Offer Price is appropriate.

### 3.2. Risks of Shareholders from Reject the Tender Offer

Risk of inability to sell shares in the market

IFA has considered trading volume of the company on SET for the past 3 years from July 31, 2016 to a day before July 31, 2018 which is the announcement of Tender Offer (Form 247-4). As average trading volume for the past 3 years of the Company was 0.13% of total paid-up shares of the Company. Hence, shareholders may face the risk of selling the Company's shares in a desirable period, volume and price due to such very low liquidity. Therefore, this Tender Offer is an opportunity for minority shareholders to sell their shares at desirable number of shares.

### 3.3. Other Factors for Consideration

Besides the appropriateness of the Tender Offer Price according to Form 247-4 and its amendment, IFA has considered other factors supporting the opinion with brief details as follows:

#### 3.3.1. Plan to Sell Shares of the Company

According to Form 247-4, the Offeror has no intention to sell or transfer shares of the Company received from the Tender Offer to other persons during the period of 12 months from the last day of the Tender Offer Period, except where: the Offeror (i) sells or transfers shares of the Company to any related party of the Offeror under the definition of related party specified in the relevant laws, and if the sale or transfer of shares of the Company resulting that the Offeror and/or the related party are obliged to perform under the relevant notifications of Capital Market Supervisory Board, the Offeror and/or the related party will perform according to such relevant notifications; or (ii) sell or transfer securities of the Company in order to comply with applicable laws and regulations effective at the time or (iii) sell or transfer securities of the Company in order to comply with the free-float requirement to maintain the status as a listed company.

IFA viewed that the Offeror has no intention to sell or transfer shares of the Company received from the Tender Offer to other persons during the period of 12 months from the last day of the Tender Offer Period except for 3 major reasons as stated in Form 247-4. Although the Offeror have the right to sell or transfer its shares after 12 months after the final day of the CVTO, IFA has not yet found the factors that the Offeror will sell some or all of its shares to other persons which is consistent with the statement of the Offeror in Form 247-4 (Objective of Business) that this Tender Offer is "to strengthen its global manufacturing reach to deal with international trade uncertainty" (currently, the Offeror and the Group is the world's leader in power supply business (Source: IHS Technology)). Nonetheless, the Offeror might need to sell some of the Company's share to maintain its listing status on the SET (free-float requirement as a listed company stated that the Company must have not less than 150 minority shareholders, which collectively hold not less than 15% of the company's paid-up capital).



### 3.3.2. Status of the Business

According to Form 247-4, after the completion of the CVTO, the Offeror has no plan to liquidate the Company's core assets, or change the nature of the Company's business, or capital structure within 12 months after the final day of the CVTO.

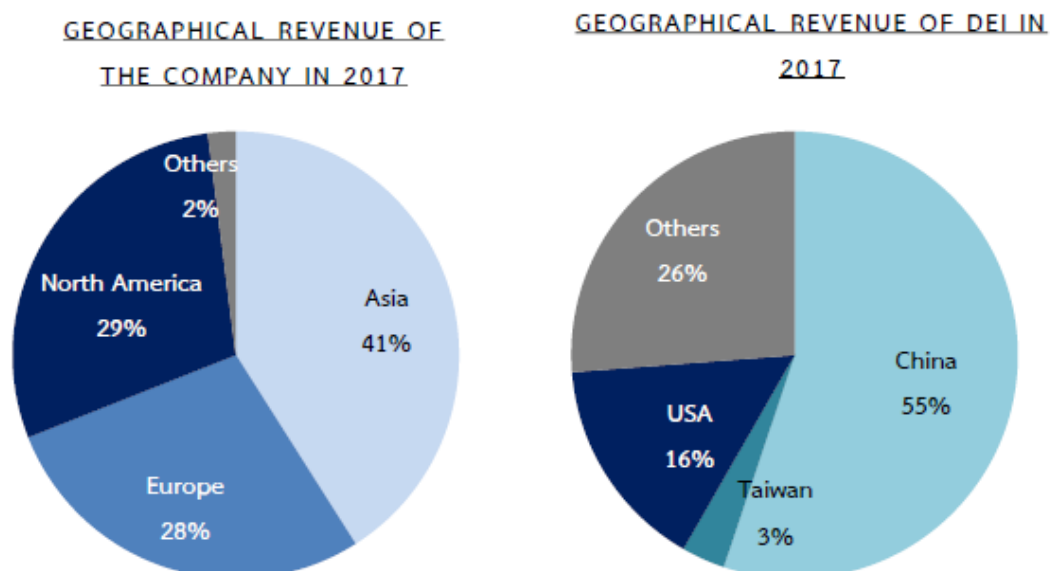
IFA viewed that the Offeror will maintain the Company's status of the business by not liquidating the Company's core assets, or changing the nature of the Company's business, or capital structure within 12 months after the final day of the CVTO as stated in Form 247-4 due to the fact that the Offeror and the Group have been the major shareholders of the Company (from Form 247-4, the Offeror and the Group hold 20.93% of the Company's total issued and paid-up shares). Therefore, if the Tender Offeror and the Group want to change the status of the business, the Tender Offeror and the Group can more or less influence the changes before this Tender Offer. However, there is a possibility that the Tender Offeror and the Group may change the nature of business after 12 months period since the end of the Tender Offer date. As the Tender Offeror and the Group have full understanding of the Company's business therefore any future changes are likely to have positive affect to overall Company's business and its shareholders.

### 3.3.3. Objective of Business

According to Form 247-4, after the completion of the CVTO, the Offeror together with its persons in section 258 do not have any plan to make material changes in the business objectives within 12 months after the final day of the CVTO and has an intention for the Company to carry on its operations under the existing business structure in order to continue to serve its customers with the existing products and the same level of services. The key intentions of the Offeror in initiating this CVTO are as follows; (1) Global manufacturing reach The Offeror intends to strengthen its global manufacturing reach to deal with international trade uncertainties. The Company possesses excellent manufacturing competencies in Thailand, India and Slovakia, which will complement the group of main manufacturing facilities based in China and Taiwan which can be shown in the following figure.



(2) Customer supports in the related regions South East Asia and India have fast economic growth. The Company's proximity to key customers in South East Asia and other regions is expected to be beneficial as well as in regard to better customer support which the Group's key customers are located in China, Taiwan and United State of America as shown in the following pie charts of revenue structure of the Company and DEI by geography.



(3) Positive impacts on revenues and profits. From 2010 to present, the Company's revenues have surpassed USD 1 billion and its earnings will also add up to the Offeror's profitability structure with the Company's earnings for 2018 of USD 159 million.

IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to make material changes in the policies, business plans and business objectives of the Business as stated in Form 247-4 due to the fact that the Offeror and the Group have been the major shareholders of the Company (from Form 247-4, the Offeror and the Group hold 20.93% of the Company's total issued and paid-up shares) therefore, the Offeror and the Group have full understanding of the Company business and its operation. However, after 12 months from the Tender Offer date, the Offeror may make some changes in the Company's plans and its operation to ensure the synergy between the Company and the Group's businesses as well as the current and future market condition which would overall benefits the Company and its shareholders. Moreover, in case the Offeror implements any significant changes to the Company, the Company shall seek approval from the meeting of Board of Directors and/or the meeting of shareholders of the Company as well as other necessary approvals to comply with relevant laws, policies and regulations of listed company.

### 3.3.4. Possibility of being delisted from the SET

According to Form 247-4, the Offeror intends to maintain the listing status of the Company on the SET unless the Offeror has legal obligation to follow with applicable laws, rules and/or regulations in effect at that time and fulfill the free-float requirement, in which the number of minority ordinary shareholders of the Company

shall be not less than 150 and such shareholders shall hold shares in aggregate of not less than 15% of the paid-up capital of the Company upon the completion of the CVTO.

IFA viewed that the Offeror will maintain the listing status of the Company on the SET during the period of 12 months after the end of the Offer Period. However, there is possibility that the Offeror may delist the Company from the SET after 12 months after the end of the Offer Period as DEI, the shareholder of the Offeror (DEI holds 100.00% of total issued and paid-up shares), is a listed company on Taiwan Stock Exchange. The Offeror or the Group therefore can access source of funds and other privileges as a listed company on Taiwan Stock Exchange. However, in order to receive approval on delisting, the Company must receive three-fourth of the total issued shares and there must not be more than 10% of total issued shares opposing to the agenda.

### **3.3.5. Investment or Expand Capacity**

According to Form 247-4, the Offeror has no plan to invest or expand capacity significantly that is inconsistent with the ordinary investment plan of the Company for the current business line during the 12 months period after the end of the Tender Offer Period.

IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to make material changes in investment and capacity of the Business that is inconsistent with the ordinary investment plan of the Company for the current business due to no material changes in the Company's business plan. Moreover, investment related to expand capacity requires certain time for planning, construction and acquiring of machineries. However, there is possibility that after 12 months from the Tender Offer date, the Offeror may implement significantly change in the Company's investment as the Offeror has stated in the objective of the business. In the objective of the business, the Offeror intends to use the Company, which has fully established in Thailand, India and Slovakia, as the manufacturing base for the Offeror and the Group in China, Taiwan and United State of America.

### **3.3.6. Organizational Structure**

According to Form 247-4, the Offeror believes in the Company's current management team (pursuant to the SEC's definition) and their management performance. Thus, the Offeror does not intend to change the Company's management and function autonomy within 12 months after the end of the Tender Offer Period.

Following the completion of the Tender Offer, the Offeror expected to proceed with changing the number of directors of the Board of Directors as appropriate or the Offeror may nominate its representatives to hold director positions in the Board of Directors in accordance with its pro-rata shareholding, by taking into consideration of various factors for the benefits of the Company. Moreover, any changes in the number of directors of the Board of Directors or appointment of director in place of existing director, shall be done in consideration with the appropriateness and in compliance with relevant regulations including the Company's policy, the Company's article of association, the Company's Board of Directors meeting and/or the Company's shareholders meeting and shall inform shareholder through the SET Electronic Listed Company Information Disclosure (ELCID).

IFA views that the Offeror does not intend to change the Company's management and function autonomy within 12 months after the end of the Tender Offer Period.

In addition, following the completion of the Tender Offer, the Offeror expected to proceed with changing the number of directors of the Board of Directors as appropriate or the Offeror may nominate its representatives to hold director positions in the Board of Directors in accordance with its pro-rata shareholding as stated in Form 247-4. The change of directors and management is considered normal for such Tender Offer. However, after the Tender Offer, if the Offeror and the Group successfully hold more than 50% of the total issued and paid-up shares of the Company, the Offeror will have total control of the Company's board of directors as well as its management. The changes in directors and management as appropriate to future current condition are considered as effective management method to benefits the Company and its shareholders.

### **3.3.7. Plan to acquire or dispose The Company's or its subsidiaries' assets**

According to Form 247-4, the Offeror has no plan to allow the Company to significantly acquire and/or dispose of its assets during the 12 months period after the end of the Tender Offer Period.

IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to allow the Company to significantly acquire and/or dispose of its assets due to the reason that material changes would affect the Company's business plan. In addition, after 12 months from the Tender Offer date, the Offeror might significantly acquire and/or dispose of the Company's assets. Based on the Company's past records, it also had disposed some of its investments in Delta Electronics (Switzerland) AG (former Delta Energy System Switzerland AG) and made additional investments in India which was disclosed through the SET Electronic Listed Company Information Disclosure (ELCID) in 2017 and 2018.

### **3.3.8. Financial Structure**

According to Form 247-4, the Offeror has no plan to make significant changes to the financial structure of the Company during the 12 months period after the end of The Tender Offer Period.

IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to make significant changes to the financial structure of the Company as the stated in Form 247-4 (investment and expand capacity). Moreover, the Company is currently having cash or cash equivalent and interest-bearing debts to total assets at 26.43% and 0.00%, respectively and also have cash and cash equivalent to the Company's expected capital expenditure in 2019 at 2.04 times (as stated in the Company's financial statement as of December 31, 2018 and adjusted with dividend payment according to Resolution of the Board of Directors' Meeting No.1/2019). According to this ratio, IFA has opinion that the Offeror might need more than 12 months in making significant change to the Company's financial structure. In addition, after 12 months from the Tender Offer date, the Offeror may change the financial structure of the Company, especially, after the Tender Offer. If the Offeror and the Group successfully hold more than 50% of the total issued and paid-up shares of the Company, the Company will be subsidiary of the Offeror. Therefore, the Company's financial structure may be significantly changed to fit to the Group's financial structure. The future changes of the Company's financial structure is considered a part of effective management method to benefits the Company and its shareholders.

### 3.3.9. Dividend Payment Policy

According to Form 247-4, currently, the Company has a policy to pay dividend at least 30% of its net profit. The Board of Directors of the Company will consider the dividend payment and propose for shareholder approval year by year. The Offeror has no plan or policy to change the dividend payment policies of the Company during the 12 months period after the end of the Tender Offer Period.

IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to change the dividend payment policies of the Company. However, after 12 months from the Tender Offer date, the Offeror may change the dividend payment policies of the Company. Moreover, after the Tender Offer, if the Offeror and the Group successfully hold more than 50% of the total issued and paid-up shares of the Company, the Company will be subsidiary of the Offeror. The dividend policy is the major part of the Company's financial structure therefore, when the Company's financial structure is significantly changed, the dividend policy will be the important part of the changes to fit to the Group financial structure.

### 3.3.10. Changing in Shareholder Structure

- 10 largest shareholders according to the latest share register book as of December 11, 2018

Rank	Name	Number of shares	(%) held	(%) voting rights
1.	Citibank Nominees Singapore Pte Ltd-CBHK-PBGSG-Restricted Shares	708,259,870	56.78	56.78
2.	Thai NVDR Co., Ltd.	83,472,351	6.69	6.69
3.	Delta Electronics Inc.	69,128,140	5.54	5.54
4.	UBS AG Singapore, Branch	53,172,220	4.26	4.26
5.	RBC Investor Services Trust	31,215,848	2.50	2.50
6.	State Street Europe Limited	29,569,840	2.37	2.37
7.	The Bank of New York (Nominees) Limited	22,850,114	1.83	1.83
8.	South East Asia UK (Type A) Nominees Limited	18,766,168	1.50	1.50
9.	J.P. Morgan Bank Luxembourg S.A. Lend	15,834,950	1.27	1.27
10.	HSBC Bank PLC-HSBC Institutional TST SVS(IRE) LTD First State Global Umbrella Fund PLC - First State Asian EQU	11,077,500	0.89	0.89

Source: Form 247-4

Remark: As of December 11, 2018, CITI (Nominees) Limited-CBHK-PBGSG- Restricted Shares (The former name is Citibank Nominees Singapore Pte Ltd – CBHK - PBGSG – Restricted Shares) of 56.78% consist of shareholding by Delta International Holding Ltd. of 15.39% and others of 41.39%.

- Expected 10 largest Shareholders Following the Completion of the Tender Offer

Rank	Name	Number of shares	(%) held	(%) voting rights
1	Related persons under Section 258 of Delta Electronics International (Singapore) Pte. Ltd	261,112,590	20.93	20.93

Rank	Name	Number of shares	(%) held	(%) voting rights
	<ul style="list-style-type: none"> <li>● Delta Electronics Inc.</li> </ul>	69,128,140	5.54	5.54
	<ul style="list-style-type: none"> <li>● Delta International Holding Ltd.</li> </ul>	191,984,450	15.39	15.39
2	Delta Electronics International (Singapore) Pte. Ltd. (if able to receive all remaining shares via this CVTO)	986,269,024	79.07	79.07
	<b>Total</b>	<b>1,247,381,614</b>	<b>100.00</b>	<b>100.00</b>

Remark: Assuming all shareholders of the Company accept the VTO and others not accept VTO including Delta Electronics, Inc. and the Group, through its subsidiary Delta International Holding Ltd. whom signed the Notification of intention of decline to sell any of the shares to the Offeror in the CVTO. Please see Attachment 7 in Form 247-4 for more detail. DIH holds the Company shares in portion of 15.39% through CITI (Nominees) Limited-CBHK-PBGSG- Restricted Shares

### 3.3.11. Changing in Board of Directors

- 1). Board of Directors before submission of the Tender Offer are as follows;

No.	Name	Position
1.	Mr. Ng Kong Meng	Chairman of the Board
2.	Mr. Ming-Cheng Wang	Vice Chairman
3.	Mr. Hsieh Shen-yen	Director and President
4.	Mr. Hsieh Heng-hsien	Director
5.	Mr. Anusorn Muttaraid	Director
6.	Mr. Chu Chih-yuan	Independent Director
7.	Mr. Boonsak Chiempricha	Independent Director
8.	Dr. Witoon Simachokedee	Independent Director
9.	Mrs. Tippawan Chayutimand	Independent Director

Source: the Company

- 2). Board of Directors after the Completion of the Tender Offer

Following the completion of the Tender Offer, the Offeror expected to proceed with changing the number of directors of the Board of Directors as appropriate or the Offeror may nominate its representatives to hold director positions in the Board of Directors in accordance with its pro-rata shareholding, by taking into consideration of various factors for the benefits of the Company. Moreover, any changes in the number of directors of the Board of Directors or the appointment of director in place of existing director, shall be done in consideration with the appropriateness and in compliance with relevant regulations including the Company's policy, the Company's article of association, the Company's Board of Directors meeting and/or the Company's shareholders meeting and shall inform shareholder through the SET Electronic Listed Company Information Disclosure (ELCID).

### 3.3.12.Connected Transactions

According to Form 247-4, at present, the Company has specified policies and procedures regarding related party transactions to comply with the rules and regulations of the SEC and the SET to prevent any conflict of interests between the Company, its subsidiaries, associated companies and/or potential conflict persons. Presently, the Company and its subsidiaries have transactions with the Offeror and its persons pursuant to Section 258 of the Securities and Exchange Act B.E. 2535, which deemed to be connected transactions since being listed on the SET. Such transactions have taken place and will be expected to take place consistently with normal business course of the Company and those transactions have been disclosed in the notes to the financial statements, annual report and Form 56-1 of the Company.

After the completion of this CVTO, the Company and its subsidiaries still expect to have the connected transactions and may explore opportunities for collaboration resulting in additional transactions with these related parties as the Offeror considers that supports from the Group's network will help strengthen the Company's business and improve its competitiveness in the world market. This will utmost benefit the Company. Any current and future related party transactions will be carefully considered and ensured that the terms and conditions of such transactions will be similar to those of arm's length transactions and in compliance with the SEC Act, the rules and regulations of the Capital Market Supervisory Board and the SET concerning the connected transactions as well as any other applicable rules and regulations.

The major transactions and reasons for having such related party transactions can be summarized as follows :

#### 1. Sales of Goods/Raw Materials

In order to manage trade constraints in certain countries for either the company or its customers e.g. local content requirements, The Company has established its trade network in local area for better service to customers as well as to enhance its business opportunities in those countries. The transactions are made based on certain trade agreement or with reference to market price. Sales of raw material are normally due to the urgent need of some raw materials from the Offeror's Group and the selling prices are based on the market price or cost of the materials sold.

#### 2. Purchase of Goods/Raw Materials

Currently the Company has also expanded its trade network through its subsidiaries which are located in major regions. To offer a full range of products, those subsidiaries may have to purchase some products from related companies to serve their clients. However, the transactions are made based on certain trade agreement which may also include their operating costs, or with reference to market price. The Company together with the Offeror's Group has set up material network in order to create bargaining power for better price and availability for the group members. Purchase price of raw material is generally charged based on cost plus other actual out of pocket expenses such as insurance, freight and others. Handling fee is charged based on value of purchase/sale transaction and considered general business condition.

### 3. Commissions

Since various services are generally required to serve the global clients, the company needs to offer such services to customers in the area where they are located in. This makes the Company together with the Offeror's Group to establish business network which enables the company to have customer relations offices worldwide to provide effective marketing and after sales services to its clients at the competitive costs. Commissions are normally charged based on transaction size (e.g. sales or purchase amount) and considered general business condition.

### 4. Service Fee

Currently the operations of the company's subsidiaries, have covered in several regions, especially Europe. The Offeror's Group, therefore, occasionally request for supports from their subsidiaries to provide some services such as reworking, tooling service and others. Service fees are generally based on the estimated man hour used for each service.

The connected transactions with the Offeror and its persons under Section 258 during year 2016 and 2018 (based on consolidated financial statements) can be summarized as follows;

Transactions with related companies	Consolidated Financial Statements			Pricing policy
	2016	2017	2018	
Sales of goods and raw materials	1,636	4,710	7,131	With reference to market price
Purchase of goods and raw materials	4,378	4,273	4,283	With reference to market price
Commission paid	494	516	447	Contract price
Royalty paid	-	-	1,257	Contract prices
Design and engineering fee paid	616	861	53	Contract price
Commission received	127	215	67	Contract price
Services income	448	289	198	Contract price
Services paid	168	174	98	Contract price
Sale of investments in subsidiary companies	-	874	-	Contract price
Purchase of investments in subsidiary companies	-	758	-	Contract price
Other income	-	38	48	Contract price

Source: Financial statement of DET in accordance with Thai Financial Reporting Standards (TFRS)

IFA views that the Offeror and the Offeror and the Group are operating in the same core business with the Company so that it is likely for related party transactions to occur as specified in Form 247-4 and to occur in the future. However, after the Tender Offer, if the Offeror and the Group successfully hold more than 50% of the total issued and paid-up shares of the Company, the Company will be subsidiary of the Offeror.

Nonetheless, as DEI, the shareholder of the Offeror (DEI holds 100.00% of total issued and paid-up shares), is listed on Taiwan Stock Exchange resulting in having knowledge and well understandings of rules and regulations imposed by the Stock Exchange. Therefore, if there are any related party transactions, these transactions are expected to be ordinary business transactions and under approval from the Board of Directors, especially the Audit Committee appointed by shareholders who has knowledge and skill to conduct his duty.



These transactions are also required to be conducted in compliance with laws and regulations imposed by the SET and the SEC to prevent conflicts of interest.

### 3.3.13. Liquidity of the Company's Shares after the Tender Offer and the Distribution of Shares of the Minority Shareholders

After ending of VTO period, in case that there are many shareholders accepting this Tender Offer, the liquidity of the Company's share might be lower resulting in possibility that shareholders who is willing to sell their shares after the Tender Offer cannot sell their shares in desirable volume, price and time.

IFA views that if minority shareholders sell their shares in this Tender Offer, share distribution will be affected resulting in higher risk having low liquidity of the Company's shares and risk in maintaining SET's listing status with free float requirement.

## 4 Benefits or Impacts, including the Possibilities of the Policies and Business Plan of the Tender Offeror

IFA has considered the policies and the business plan as stated in the Tender Offer (From 247-4) by (the Tender Offeror) and the interview with the Company's management about comments on the benefits and impacts of those plan as follows:

Policies and Business Plan of the Tender Offeror	IFA's Opinions
<p><b>Plans to Sell Shares of the Company</b></p> <p>According to Form 247-4, the Offeror has no intention to sell or transfer shares of the Company received from the Tender Offer to other persons during the period of 12 months from the last day of the Tender Offer Period, except where: the Offeror (i) sells or transfers shares of the Company to any related party of the Offeror under the definition of related party specified in the relevant laws, and if the sale or transfer of shares of the Company resulting that the Offeror and/or the related party are obliged to perform under the relevant notifications of Capital Market Supervisory Board, the Offeror and/or the related party will perform according to such relevant notifications; or (ii) sell or transfer securities of the Company in order to comply with applicable laws and regulations effective at the time or (iii) sell or transfer securities of the Company in order to comply with the free-float requirement to maintain the status as a listed company.</p>	<p>IFA viewed that the Offeror has no intention to sell or transfer shares of the Company received from the Tender Offer to other persons during the period of 12 months from the last day of the Tender Offer Period except for 3 major reasons as stated in Form 247-4. Although the Offeror have the right to sell or transfer its shares after 12 months after the final day of the CVTO, IFA has not yet found the factors that the Offeror will sell some or all of its shares to other persons which is consistent with the statement of the Offeror in Form 247-4 (Objective of Business) that this Tender Offer is "to strengthen its global manufacturing reach to deal with international trade uncertainty" (currently, the Offeror and the Group is the world's leader in power supply business (Source: IHS Technology)). Nonetheless, the Offeror might need to sell some of the Company's share to maintain its listing status on the SET (free-float requirement as a listed company stated that the Company must have not less than 150 minority shareholders, which collectively hold not less than 15% of the company's paid-up capital).</p>
<p><b>Status of the Business</b></p> <p>According to Form 247-4, after the completion of the CVTO, the Offeror has no plan to liquidate the</p>	<p>IFA viewed that the Offeror will maintain the Company's status of the business by not liquidating the Company's core assets, or</p>

Policies and Business Plan of the Tender Offeror	IFA's Opinions
<p>Company's core assets, or change the nature of the Company's business, or capital structure within 12 months after the final day of the CVTO.</p>	<p>changing the nature of the Company's business, or capital structure within 12 months after the final day of the CVTO as stated in Form 247-4 due to the fact that the Offeror and the Group have been the major shareholders of the Company (from Form 247-4, the Offeror and the Group hold 20.93% of the Company's total issued and paid-up shares). Therefore, if the Tender Offeror and the Group want to change the status of the business, the Tender Offeror and the Group can more or less influence the changes before this Tender Offer. However, there is a possibility that the Tender Offeror and the Group may change the nature of business after 12 months period since the end of the Tender Offer date. As the Tender Offeror and the Group have full understanding of the Company's business therefore any future changes are likely to have positive affect to overall Company's business and its shareholders.</p>
<p><b>Objective of Business</b></p> <p>According to Form 247-4, after the completion of the CVTO, the Offeror together with its persons in section 258 do not have any plan to make material changes in the business objectives within 12 months after the final day of the CVTO and has an intention for the Company to carry on its operations under the existing business structure in order to continue to serve its customers with the existing products and the same level of services.</p> <p>The key intentions of the Offeror in initiating this CVTO are as follows; (1) Global manufacturing reach The Offeror intends to strengthen its global manufacturing reach to deal with international trade uncertainties. The Company possesses excellent manufacturing competencies in Thailand, India and Slovakia, which will complement the group of main manufacturing facilities based in China and Taiwan. (2) Customer supports in the related regions South East Asia and India have fast economic growth. The Company's proximity to key customers in South East Asia and other regions is expected to be beneficial as well as in regard to better customer support which the Group's key customers are located in China , Taiwan and United State of America. (3) Positive impacts on revenues and profits. From 2010 to present, the Company's revenues have surpassed USD 1 billion and its earnings will also add up to the Offeror's profitability structure with the Company's earnings for 2018 of USD 159 million.</p>	<p>IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to make material changes in the policies, business plans and business objectives of the Business as stated in Form 247-4 due to the fact that the Offeror and the Group have been the major shareholders of the Company (from Form 247-4, the Offeror and the Group hold 20.93% of the Company's total issued and paid-up shares) therefore, the Offeror and the Group have full understanding of the Company business and its operation. However, after 12 months from the Tender Offer date, the Offeror may make some changes in the Company's plans and its operation to ensure the synergy between the Company and the Group's businesses as well as the current and future market condition which would overall benefits the Company and its shareholders. Moreover, in case the Offeror implements any significant changes to the Company, the Company shall seek approval from the meeting of Board of Directors and/or the meeting of shareholders of the Company as well as other necessary approvals to comply with relevant laws, policies and regulations of listed company.</p>

Policies and Business Plan of the Tender Offeror	IFA's Opinions
<p><b>Possibility of being delisted from the SET</b></p> <p>According to Form 247-4, the Offeror intends to maintain the listing status of the Company on the SET unless the Offeror has legal obligation to follow with applicable laws, rules and/or regulations in effect at that time and fulfill the free-float requirement, in which the number of minority ordinary shareholders of the Company shall be not less than 150 and such shareholders shall hold shares in aggregate of not less than 15% of the paid-up capital of the Company upon the completion of the CVTO.</p>	<p>IFA viewed that the Offeror will maintain the listing status of the Company on the SET during the period of 12 months after the end of the Offer Period. However, there is possibility that the Offeror may delist the Company from the SET after 12 months after the end of the Offer Period as DEI, the shareholder of the Offeror (DEI holds 100.00% of total issued and paid-up shares), is a listed company on Taiwan Stock Exchange. The Offeror or the Group therefore can access source of funds and other privileges as a listed company on Taiwan Stock Exchange. However, in order to receive approval on delisting, the Company must receive three-fourth of the total issued shares and there must not be more than 10% of total issued shares opposing to the agenda.</p>
<p><b>Investment or Expand Capacity</b></p> <p>According to Form 247-4, the Offeror has no plan to invest or expand capacity significantly that is inconsistent with the ordinary investment plan of the Company for the current business line during the 12 months period after the end of the Tender Offer Period.</p>	<p>IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to make material changes in investment and capacity of the Business that is inconsistent with the ordinary investment plan of the Company for the current business due to no material changes in the Company's business plan. Moreover, investment related to expand capacity requires certain time for planning, construction and acquiring of machineries.</p> <p>However, there is possibility that after 12 months from the Tender Offer date, the Offeror may implement significantly change in the Company's investment as the Offeror has stated in the objective of the business. In the objective of the business, the Offeror intends to use the Company, which has fully established in Thailand, India and Slovakia, as the manufacturing base for the Offeror and the Group in China, Taiwan and United State of America.</p>
<p><b>Organizational Structure</b></p> <p>According to Form 247-4, the Offeror believes in the Company's current management team (pursuant to the SEC's definition) and their management performance. Thus, the Offeror does not intend to change the Company's management and function autonomy within 12 months after the end of the Tender Offer Period.</p> <p>Following the completion of the Tender Offer, the Offeror expected to proceed with changing the number of directors of the Board of Directors as appropriate or the Offeror may nominate its representatives to hold director positions in the Board of Directors in accordance with its pro-rata shareholding, by taking into consideration of</p>	<p>IFA views that the Offeror does not intend to change the Company's management and function autonomy within 12 months after the end of the Tender Offer Period.</p> <p>In addition, following the completion of the Tender Offer, the Offeror expected to proceed with changing the number of directors of the Board of Directors as appropriate or the Offeror may nominate its representatives to hold director positions in the Board of Directors in accordance with its pro-rata shareholding as stated in Form 247-4. The change of directors and management is considered normal for such Tender Offer. However, after the Tender Offer, if the Offeror and the Group successfully hold more than 50% of the total issued and paid-up shares of the Company, the Offeror will have total</p>

Policies and Business Plan of the Tender Offeror	IFA's Opinions
<p>various factors for the benefits of the Company. Moreover, any changes in the number of directors of the Board of Directors or appointment of director in place of existing director, shall be done in consideration with the appropriateness and in compliance with relevant regulations including the Company's policy, the Company's article of association, the Company's Board of Directors meeting and/or the Company's shareholders meeting and shall inform shareholder through the SET Electronic Listed Company Information Disclosure (ELCID).</p>	<p>control of the Company's board of directors as well as its management. The changes in directors and management as appropriate to future current condition are considered as effective management method to benefits the Company and its shareholders.</p>
<p><b>Plan to acquire or dispose The Company's or its subsidiaries' assets</b></p> <p>According to Form 247-4, the Offeror has no plan to allow the Company to significantly acquire and/or dispose of its assets during the 12 months period after the end of the Tender Offer Period.</p>	<p>IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to allow the Company to significantly acquire and/or dispose of its assets due to the reason that material changes would affect the Company's business plan. In addition, after 12 months from the Tender Offer date, the Offeror might significantly acquire and/or dispose of the Company's assets. Based on the Company's past records, it also had disposed some of its investments in Delta Electronics (Switzerland) AG (former Delta Energy System Switzerland AG) and made additional investments in India which was disclosed through the SET Electronic Listed Company Information Disclosure (ELCID) in 2017 and 2018.</p>
<p><b>Financial Structure</b></p> <p>According to Form 247-4, the Offeror has no plan to make significant changes to the financial structure of the Company during the 12 months period after the end of the Tender Offer Period.</p>	<p>IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to make significant changes to the financial structure of the Company as the stated in Form 247-4 (investment and expand capacity). Moreover, the Company is currently having cash or cash equivalent and interest-bearing debts to total assets at 26.43% and 0.00%, respectively and also have cash and cash equivalent to the Company's expected capital expenditure in 2019 at 2.04 times (as stated in the Company's financial statement as of December 31, 2018 and adjusted with dividend payment according to Resolution of the Board of Directors' Meeting No.1/2019). According to this ratio, IFA has opinion that the Offeror might need more than 12 months in making significant change to the Company's financial structure. In addition, after 12 months from the Tender Offer date, the Offeror may change the financial structure of the Company, especially, after the Tender Offer. If the Offeror and the Group successfully hold more than 50%</p>

Policies and Business Plan of the Tender Offeror	IFA's Opinions
	<p>of the total issued and paid-up shares of the Company, the Company will be subsidiary of the Offeror. Therefore, the Company's financial structure may be significantly changed to fit to the Group's financial structure. The future changes of the Company's financial structure is considered a part of effective management method to benefits the Company and its shareholders.</p>
<p><b>Dividend Payment Policy</b></p> <p>According to Form 247-4, currently, the Company has a policy to pay dividend at least 30% of its net profit. The Board of Directors of the Company will consider the dividend payment and propose for shareholder approval year by year. The Offeror has no plan or policy to change the dividend payment policies of the Company during the 12 months period after the end of the Tender Offer Period.</p>	<p>IFA views that during the period of 12 months after the end of the Offer Period, the Offeror is unlikely to change the dividend payment policies of the Company. However, after 12 months from the Tender Offer date, the Offeror may change the dividend payment policies of the Company. Moreover, after the Tender Offer, if the Offeror and the Group successfully hold more than 50% of the total issued and paid-up shares of the Company, the Company will be subsidiary of the Offeror. The dividend policy is the major part of the Company's financial structure therefore, when the Company's financial structure is significantly changed, the dividend policy will be the important part of the changes to fit to the Group financial structure.</p>
<p><b>Connected Transactions</b></p> <p>According to Form 247-4, at present, the Company has specified policies and procedures regarding related party transactions to comply with the rules and regulations of the SEC and the SET to prevent any conflict of interests between the Company, its subsidiaries, associated companies and/or potential conflict persons. Presently, the Company and its subsidiaries have transactions with the Offeror and its persons pursuant to Section 258 of the Securities and Exchange Act B.E. 2535, which deemed to be connected transactions since being listed on the SET. Such transactions have taken place and will be expected to take place consistently with normal business course of the Company and those transactions have been disclosed in the notes to the financial statements, annual report and Form 56-1 of the Company.</p> <p>After the completion of this CVTO, the Company and its subsidiaries still expect to have the connected transactions and may explore opportunities for collaboration resulting in additional transactions with these related parties as the Offeror considers that</p>	<p>IFA views that the Offeror and the Offeror and the Group are operating in the same core business with the Company so that it is likely for related party transactions to occur as specified in Form 247-4 and to occur in the future. However, after the Tender Offer, if the Offeror and the Group successfully hold more than 50% of the total issued and paid-up shares of the Company, the Company will be subsidiary of the Offeror.</p> <p>Nonetheless, as DEI, the shareholder of the Offeror (DEI holds 100.00% of total issued and paid-up shares), is listed on Taiwan Stock Exchange resulting in having knowledge and well understandings of rules and regulations imposed by the Stock Exchange. Therefore, if there are any related party transactions, these transactions are expected to be ordinary business transactions and under approval from the Board of Directors, especially the Audit Committee appointed by shareholders who has knowledge and skill to conduct his duty. These transactions are also required to be conducted in compliance with laws and regulations imposed by the SET and the SEC to prevent conflicts of interest.</p>

Policies and Business Plan of the Tender Offeror	IFA's Opinions
<p>supports from the Group's network will help strengthen the Company's business and improve its competitiveness in the world market. This will utmost benefit the Company. Any current and future related party transactions will be carefully considered and ensured that the terms and conditions of such transactions will be similar to those of arm's length transactions and in compliance with the SEC Act, the rules and regulations of the Capital Market Supervisory Board and the SET concerning the connected transactions as well as any other applicable rules and regulations.</p> <p>The major transactions and reasons for having such related party transactions can be summarized as follows:</p> <p>1. Sales of Goods/Raw Materials</p> <p>In order to manage trade constraints in certain countries for either the company or its customers e.g. local content requirements, The Company has established its trade network in local area for better service to customers as well as to enhance its business opportunities in those countries. The transactions are made based on certain trade agreement or with reference to market price. Sales of raw material are normally due to the urgent need of some raw materials from the Offeror's Group and the selling prices are based on the market price or cost of the materials sold.</p> <p>2. Purchase of Goods/Raw Materials</p> <p>Currently the Company has also expanded its trade network through its subsidiaries which are located in major regions. To offer a full range of products, those subsidiaries may have to purchase some products from related companies to serve their clients. However, the transactions are made based on certain trade agreement which may also include their operating costs, or with reference to market price. The Company together with the Offeror's Group has set up material network in order to create bargaining power for better price and availability for the group members. Purchase price of raw material is generally charged based on cost plus other actual out of pocket expenses such as insurance, freight and others. Handling fee is charged based on</p>	

Policies and Business Plan of the Tender Offeror	IFA's Opinions
<p>value of purchase/sale transaction and considered general business condition.</p> <p>3. Commissions</p> <p>Since various services are generally required to serve the global clients, the company needs to offer such services to customers in the area where they are located in. This makes the Company together with the Offeror's Group to establish business network which enables the company to have customer relations offices worldwide to provide effective marketing and after sales services to its clients at the competitive costs. Commissions are normally charged based on transaction size (e.g. sales or purchase amount) and considered general business condition.</p> <p>4. Service Fee</p> <p>Currently the operations of the company's subsidiaries, have covered in several regions, especially Europe. The Offeror's Group, therefore, occasionally request for supports from their subsidiaries to provide some services such as reworking, tooling service and others. Service fees are generally based on the estimated man hour used for each service.</p>	
<p><b>Liquidity of the Company's shares after the Tender Offer and the distribution of shares of the minority shareholders</b></p> <p>After ending of VTO period, in case that there are many shareholders accepting this Tender Offer, the liquidity of the Company's share might be lower resulting in possibility that shareholders who is willing to sell their shares after the Tender Offer cannot sell their shares in desirable volume, price and time.</p>	<p>IFA views that if minority shareholders sell their shares in this Tender Offer, share distribution will be affected resulting in higher risk having low liquidity of the Company's shares and risk in maintaining SET's listing status with free float requirement.</p>

**4.1 Benefit and Impact to Shareholders who Reject the Offer (only for the case that the Tender Offer is for delisting)**

-None-

Because this Tender Offer is not the Tender Offer for delisting.

**5 Summary of the Material Information of any Contract/ Agreement/ Memorandum of Understanding, before Entering to the Tender Offer for the Purpose of Purchasing Securities of the Company**

- 1) Notification of Intention of Decline to Sell the Company's shares prepared by Delta Electronics Inc. (DEI)

1. Contract/agreement/memorandum of understanding entered into between  
Prepared by Delta Electronics Inc.

2. Date of the contract/agreement/memorandum of understanding:  
December 4, 2018

3. Relevant Securities:

Class of securities	Issue	Number of securities shares/units	% held	% voting rights
Ordinary	-	69,128,140	5.54	5.54
Total			5.54	5.54

4. Name of advisor in entering into the contract/agreement/memorandum of understanding (if any):

- None -

5. Conditions and effective terms of the contract/agreement/memorandum of understanding and the responsibilities of the contractual parties:

Delta Electronics Inc. will not sell 69,128,140 ordinary shares held in the Company during the conditional voluntary tender offer period.

2) Notification of Intention of Decline to Sell the Company's Shares prepared by Delta International Holding Ltd. (DIH)

1. Contract/agreement/memorandum of understanding entered into between  
Prepared by Delta International Holding Ltd.

2. Date of the contract/agreement/memorandum of understanding:  
December 4, 2018

3. Relevant Securities:

Class of securities	Issue	Number of securities shares/units	% held	% voting rights
Ordinary	-	191,984,450	15.39	15.39
Total			15.39	15.39

4. Name of advisor in entering into the contract/agreement/memorandum of understanding (if any):

- None -

5. Conditions and effective terms of the contract/agreement/memorandum of understanding and the responsibilities of the contractual parties:



Delta International Holding Ltd. will not sell 191,984,450 ordinary shares held in the Company by CITI (Nominees) Limited-CBHK-PBGSG- Restricted Shares during the conditional voluntary tender offer period.

## 6 The Opinion of Independent Financial Advisor

Based on the information and the reason as mentioned above, **IFA has opinion that shareholders should accept this Tender Offer due to the Tender Offer Price is appropriate.**

The Tender Offer Price is appropriate and is higher than the range appraised by IFA which is THB **62.33 – 67.80** per share (the Tender Offer Price is at THB 71.00 per share)

(Unit: THB/Share)

Valuation approach	Share value (THB/Share)	Offer Price	Higher (Lower) than Offer Price	Higher (Lower) than Offer Price as %
1) Book Value Approach	27.21	71.00	(43.79)	(61.68)
2) Adjusted Book Value Approach	25.75	71.00	(45.25)	(63.74)
3) Market Value Approach <sup>1/</sup>	65.45 – 67.80	71.00	(5.55) – (3.20)	(7.82) – (4.51)
4) Price to Book Value Ratio Approach (P/BV Ratio)	35.45 – 42.08	71.00	(35.55) - (28.92)	(50.06 - (40.73)
5) Price to Earnings Ratio Approach (P/E)	61.16 – 92.47	71.00	(9.84) – 21.47	(13.85) – 30.24
6) Discounted Cash Flow Approach <sup>1/2/</sup>	62.33 – 65.80	71.00	(8.67) - (5.20)	(12.21) – (7.32)

Remark: 1/ Appropriated Approaches for this valuation of the Company's shares in the Opinion of IFA

2/ The value of the Company's shares is calculated from WACC is 9.08%

In considering whether to accept or reject the Tender Offer, shareholders may consider the reasons and comments on various issues from IFA presented in this report. The decision to accept or reject is depending solely on shareholders.

**Remark: According to Resolution of the Board of Directors' Meeting of Delta Electronics (Thailand) Public Company Limited No. 1/2019 held on February 18, 2019 approving the Company to pay dividend THB 2,868.98 million, equivalent to THB 2.30 per share. Book closing date for the dividend payment will be on March 4, 2019, which is the day before the last tender offering date (April 1, 2019). Independent Financial Advisor therefore recommends that shareholders should accept the Tender Offer after the closing date of the register for dividend payment.**

Discover Management Company Limited as Independent Financial Advisor hereby certifies that the opinions have prudently been provided in compliance with the professional standards and principles, with due regard to the shareholders' benefits.

Yours sincerely,

Discover Management Company Limited



(Mr. Vuthichai Tumasaraj)

Director



(Miss Kanokporn Pongjetanapong)

Director



(Mr. Vuthichai Tumasaraj)

Supervisor



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