



ANNUAL REPORT 2016

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED



CONTENT

Financial Highlights 2014-2016	4
Message from the Board of Directors	6
Delta Overview	9
Investment Structure	10
Nature Business	15
Product Profile	16
Research and Development	29
2016-2017 Industry Outlook	37
2017 Business Directions	42
Risk Management	46
Company General Information	52
Capital Structure	53
Profiles of Board of Directors	54
Managerial Structure	62
Corporate Governance	68
Corporate Social Responsibility Report	88
Internal Control	95
Policy for The Related Party Transactions	96
The Nomination and Compensation Committee Report	98
The Audit Committee Report	99
Management's Discussion and Analysis	100
Responsibility of the Board of Director to the Financial Statements	107
Report and Financial Statement	108

"Investors will be able to learn more about the Company from Form 56-1 on the Company's website www.deltathailand.com/ir_form56-1.php"

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SET
AWARDS
2016

Outstanding



Delta Electronics (Thailand) Public Company Limited

- Outstanding Company Performance Award for listed company with SET market capitalization of THB30 billion to THB100 billion
- Outstanding CEO Awards



In Remembrance of His Majesty
King Bhumibol Adulyadej





Your loyal subjects humbly recall Your Majesty's boundless and gracious kindness,
King Bhumibol Adulyadej, the king of all Thai people.

Your loyal subject,
Delta Electronics (Thailand) PCL.



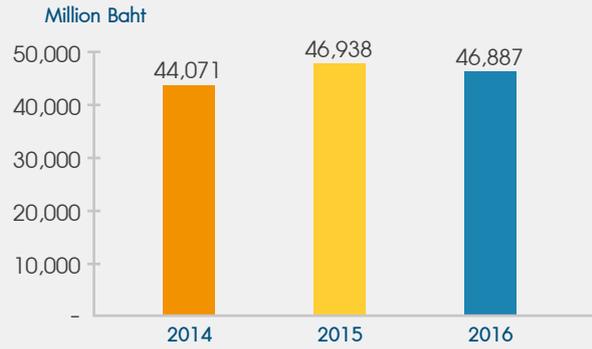
Financial Highlights 2014-2016

Unit : Million Baht	Consolidated			The Company Only		
	2016	2015	2014	2016	2015	2014
Total Assets	46,319	43,763	38,242	40,777	38,122	34,273
Total Liabilities	14,428	13,205	11,076	8,866	7,736	6,448
Paid-Up Capital	1,247	1,247	1,247	1,247	1,247	1,247
Total Shareholders' Equity	31,891	30,558	27,166	31,911	30,387	27,826
Sales Revenues	46,887	46,938	44,071	33,856	31,824	30,047
Total Revenues	47,652	47,993	45,078	34,447	32,927	30,648
Cost of Sales	34,471	34,127	32,284	24,389	22,753	21,508
Gross Profit	12,416	12,811	11,787	9,467	9,071	8,539
Selling & Admin expense	7,319	6,599	6,381	4,641	3,819	3,752
Operating Profit	5,097	6,212	5,407	4,826	5,252	4,787
Net Profit	5,516	6,714	5,943	5,371	6,303	5,189
Unit : (%)						
Gross Profit Margin	26.48%	27.29%	26.75%	27.96%	28.50%	28.42%
Operating Profit Margin	10.87%	13.23%	12.27%	14.25%	16.50%	15.93%
Net Profit Per total Revenues	11.58%	13.99%	13.18%	15.59%	19.14%	16.93%
Return On Equity	17.67%	23.26%	22.76%	17.24%	21.65%	19.28%
Return On Assets	12.25%	16.37%	15.83%	13.61%	17.41%	15.43%
Unit : Baht						
EPS	4.42	5.38	4.78	4.31	5.05	4.16
Dividend Per Share	3.00*	3.10	3.00	3.00*	3.10	3.00
Book Value Per Share	25.57	24.51	21.78	25.59	24.37	22.31

* Pending approval from 2017 Annual General Meeting of Shareholders

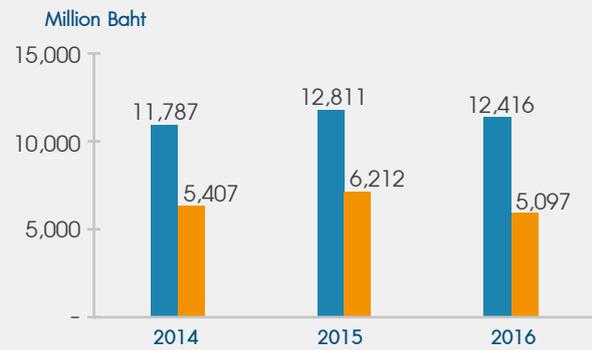
Sales Revenues

- 2014
- 2015
- 2016



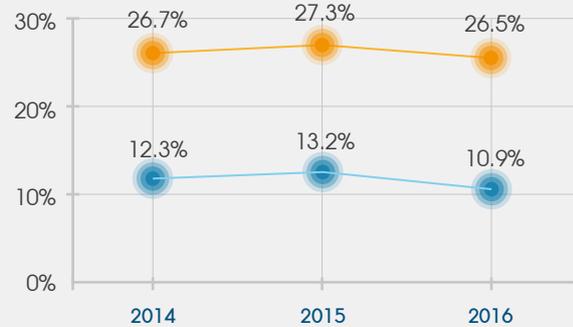
Gross Profit vs Operating Profit

- Gross Profit
- Operating Profit



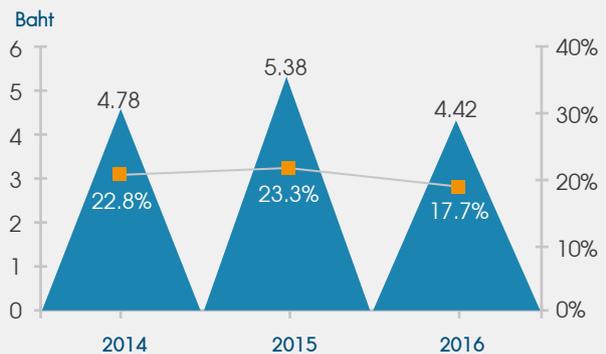
Gross Profit Margin vs Operating Profit Margin

- Gross Profit Margin
- Operating Profit Margin



EPS vs ROE

- EPS
- ROE



Message from the Board of Directors



Ng Kong Meng
Chairman

Hsieh Shen-yen
President

2016 was another eventful year for us with many major projects started to pave the way for the company's sustainable growth for the industrial 4.0 era. As we look forward to Delta Electronics (Thailand) PCL.'s 27th anniversary in 2017 which is expected to be another exciting year, I would like to re-cap what makes 2016 a challenging but fruitful one.

First of all, to maintain our technology leadership in the industry, we have boosted our research and development capabilities in hardware and software developments with the addition of two new teams in Hangzhou, China, and Bangalore, India. For ODM and hardware businesses, we have been expanding the automotive product range in power supplies and fans to meet the growing demand from the market. This has also enabled us to expand our clientele, especially in Europe and USA. For Regional Business, relentless efforts are continuing in promoting our service and solution business in power system to all major utilities providers, starting with India. Service & solution business will play an important role in improving our regional offices' profitability in the long term.

Since the beginning of 2016, our production capacity expansion for automotive power and fan products have been progressing rapidly to accommodate increasing demand expected in the next three to five years. For other manufacturing restructuring, two of the most significant investments are in automation to reduce labor costs and improve productivity; and the opening of our plant in Myanmar to reduce the risk of labor supply and future wage hike in Thailand. Nevertheless, Thailand will remain our strategic business location and manufacturing headquarter for the region. As the above efforts go into full operation in 2017, Thailand plants will transition into producing only critical and strategic components and products whereas other labor intensive components and assembly processes will be done in countries with more cost effective labor force. All these undertakings are to ensure a solid foundation for sustainable growth of the company in many years to come while maintaining continuing profitability during this period

In the age of Internet of Things (IoT) where speed and service quality are paramount to the success of a company, Delta Electronics (Thailand) PCL. had established many new offices in Southeast Asia and India since the beginning of 2016. Apart from providing better and faster services to our customers, the new offices will serve as market intelligence centers especially with regard to IoT development so that we can proactively seize new business opportunities in the region. The management teams had also looked into different aspects to further enhance the functions and quality of services to be provided by existing offices. For example, the Telecom product offices will diversify its business into data center and industrial automation including alternative energy. This is to leverage on their proven excellent sales record and extensive service channels. Significant sales results from their new venture should be apparent either by end of this year or early 2018.

All those activities aforementioned will continue in 2017. Though global economy is still volatile in general, there are still silver linings such as the demonetization in India and USA market. The company still holds on to the cash of 600 million US dollars to safeguard our current business while looking out for other investment opportunities. Our expression of gratitude towards our business partners, staff and stakeholders is through our hard work and dedication to bring this company to the next level. Like in every year over the past two decades, we shall set tough targets for ourselves to continuously enhance this company's competencies to adapt to the ever changing market and global challenges in return for the trust and support our stakeholders have provided us. Thank you.



Ng Kong Meng
Chairman



Hsieh Shen-yen
President

Mission

To provide innovative, clean and energy-efficient solutions for a better tomorrow

Corporate Culture

Strive for change, and pursue sustainability



Innovation

Create new ideas and take them to success effectively.

Quality

Consistently deliver superior performance and pursue improvement all the time.

Agility

Identify emerging trends and act quickly to capture new opportunities.

Teamwork

Fully leverage global value network and collaborate to achieve mutual goals.

Customer Satisfaction

Anticipate customer needs and exceed expectations.



Delta Overview

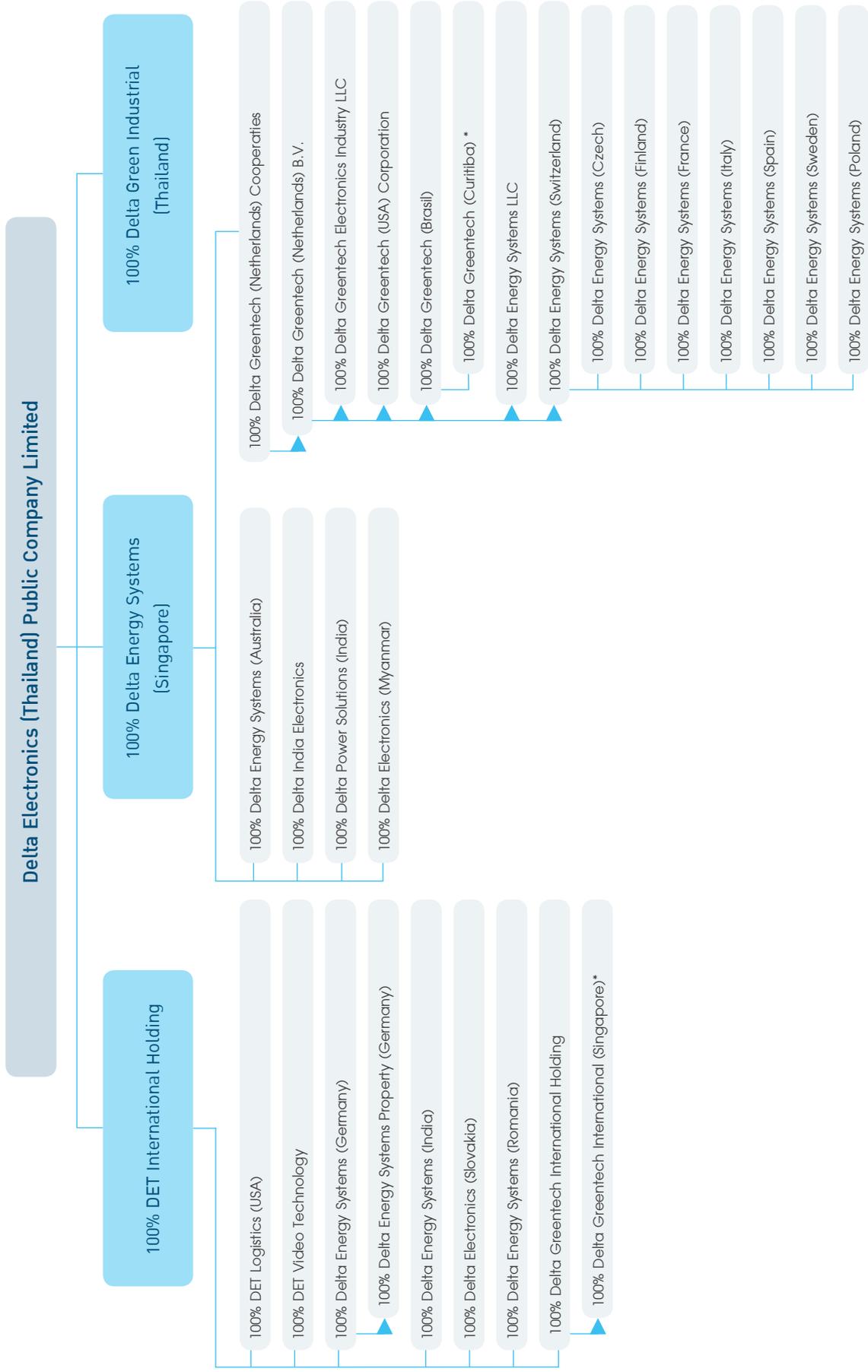
Delta Electronics (Thailand) Public Company Limited is a manufacturer and exporter of power supplies and electronics equipment and parts, was inaugurated on June 16, 1988 with the initial capital of THB 40 million. The company was converted to public limited company on September 23, 1994 and listed on the Stock Exchange of Thailand on July 24, 1995 under the symbol of “DELTA”. As of December 31, 2016, the company has a registered capital of THB 1,259,000 with paid up capital of THB 1,247,381,614 at par value of THB 1 per share.

Delta Thailand is one of the world’s leading producers of power supplies and electronic components comprising cooling fans, EMI filters and solenoids. Its businesses are now mainly involved in power management solutions. The current power management product line covers various types of power supplies including power systems for information technology, telecommunications, industrial applications, office automation, medical industries and power supplies for server, networking and DC-DC converter and adapter. Presently, the company is extending its business to cover renewable energies such as solar power, wind power including electrical and hybrid electrical vehicles.

Confidence in “DELTA”

- SET50 Index since 2005
- SET High Dividend 30 Index (SETHD) since 2013
- Thailand’s Sustainability Investment for 2015 and 2016
- ESG 100 for 2015 and 2016
- “Excellent” on the 2016 Corporate Governance Rating (CGR)

Investment Structure (as of February 28, 2017)



* On process to close

The company has no certain policy for assigning the businesses to the subsidiaries. It is up to appropriate business and availability of personnel

Company	Location	Type of Business	Type of Product	Type of Stock	Registered Capital	Paid up Capital	Company Hold
1. DET International Holding Ltd.	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands	Business Investment	-	Common Stock	USD 300,000,000	USD 264,357,329	100
1.1 DET Logistics (USA) Corporation	4405 Cushing Parkway Fremont, CA 94538 USA. Tel: +1 510 668 5100 Fax: +1 510 668 0680	Logistic Service in USA	-	Common Stock	USD 1,000,000	USD 500,000	100
1.2 DET Video Technology Ltd.	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands (BVI) VG1110	Business Investment	-	Common Stock	USD 100,000	(USD) 100,000	100
1.3 Delta Energy Systems (Germany) GmbH	Coesterweg 45, D-59494 Soest, Germany Tel: +49 2921 987 0 Fax: +49 2921 987 601	- Marketing & Sales - R&D	- Power System - Power Supply - Other Electronics Products	Common Stock	EUR 18,301,000	EUR 18,301,000	100
1.3.1 Delta Energy Systems Property (Germany) GmbH	Coesterweg 45, D-59494 Soest, Germany	Property	-	Common Stock	EUR 25,000	EUR 25,000	100
1.4 Delta Energy Systems (India) Pvt. Ltd.	Plot No. 43, Sector-35, Industrial Estate, Gurgaon, Haryana, India 122001 Tel: +91 124 4874900 Fax: +91 124 4874945	Marketing & Sales	Electronics Products	Common Stock	INR 494,500,000	INR 490,476,020	100
1.5 Delta Electronics (Slovakia) s.r.o	Priemyselna ulica 4600/1, SK - 018 41 Dubnica nad Vahom, Slovakia Tel: +421 42 466 1111 Fax: +421 42 466 1130	Manufacturing & Sales	- Power Supply - Power Systems - OEM Power Systems	Common Stock	EUR 47,120,947	EUR 47,120,947	100
1.6 Delta Energy Systems (Romania) S.R.L.	76 Splaiul Unirii Blvd., Building B, 8th floor, District 4, 040037, Bucharest Tel: +40 21 305 1770 Fax: +40 21 305 1789	R&D	-	Common Stock	RON 395,200	RON 395,200	100

Company	Location	Type of Business	Type of Product	Type of Stock	Registered Capital	Paid up Capital	Company Hold
1.7 Delta Greentech International Holding Ltd.	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands	Business Investment	Focusing on Telecom Power Systems Products	Common Stock	USD 100,000,000	USD 28,051,850	100
1.7.1 Delta Greentech International (Singapore) Pte. Ltd.	4 Kaki Bukit Avenue 1 #05-04 Singapore 417939 Tel: +65 6747 5155 Fax: +65 6744 9228	Business Investment	-	Common Stock	USD 37,153,800	USD 37,153,800	100
2. Delta Energy Systems (Singapore) Pte.Ltd.	4 Kaki Bukit Avenue 1 #05-04 Singapore 417939 Tel: +65 6747 5155 Fax: +65 6744 9228	- Business Investment - Management and Consultancy Service - Trading	-	Common Stock	USD 52,893,490	USD 52,893,490	100
2.1 Delta Energy Systems (Australia) Pty.Ltd.	Unit 20-21 , 45 Normanby Road, Notting Hill VIC 3168, Australia Tel: +61 9543 3720 Fax: +61 9544 0606	Marketing	Renewable Energy Products	Common Stock	AUD 2,529,000	AUD 2,529,000	100
2.2 Delta India Electronics Pvt. Ltd.	Plot No. 43, Sector-35, Industrial Estate, Gurgaon, Haryana, India 122001 Tel: +91 124 4874900 Fax: +91 124 4874945	- Marketing & Sales - Manufacturing	Non-Telecom Power System & UPS Products	Common Stock	INR 2,970,000,000	INR 2,581,297,250	100
2.3 Delta Power Solutions (India) Pvt. Ltd.	Plot No. 38, Phase 1, Sector - 5, IIE, SIDCUL Pant Nagar, Rudrapur Ultrahand-263153, India Tel : 91 05944-309000 Fax: 91 05944-662477	- Marketing & Sales - Assembler - R&D	- Telecom Power Systems - UPS	Common Stock	INR 1,700,000,000	INR 1,638,626,520	100
2.4 Delta Electronics (Myanmar) Co., Ltd.	Plot No.91 and 92, Myay Taing Quarter No.25, Shwe Lin Ban Industrial Zone, Hlaing Thar Yar Township, Yangon, Myanmar	Manufacturing	- Mechanical - Electronics Products under CMP system (Cutting, Making and Packaging)	Common Stock	USD 1,500,000	USD 1,500,000	100
2.5 Delta Greentech (Netherlands) Cooperatives UA	Zandsteen 15, 2132 MZ Hoofddorp, The Netherlands Tel.: +31 20 655 0900 Fax: +31 20 655 0999	Business Investment	Focusing on Telecom Power Systems Products	Common Stock	No registered	EUR 22,378,784	100

Company	Location	Type of Business	Type of Product	Type of Stock	Registered Capital	Paid up Capital	Company Hold
2.5.1 Delta Greentech (Netherlands) B.V.	Zandsteen 15, 2132 MZ Hoofddorp, The Netherlands Tel.: +31 20 655 0900 Fax: +31 20 655 0999	Business investment	Focusing on Telecom Power Systems Products	Common Stock	EUR 22,318,778	EUR 22,318,778	100
2.5.1.1 Delta Greentech Electronics Industry LLC	Seifalli Mevkii Barbaros Bulvarı Soylési Sokak No.19 K:1. 34775, Yukarıduzulu/ Umranıye/ Istanbul, Turkey	Marketing and distribution	Electronics Products	Common Stock	TRY 770,000	TRY 770,000	100
2.5.1.2 Delta Greentech (USA) Corporation	701 Brazos Street, Suite 1050 Austin TX 78701, USA Tel.: (972) 437-7900	Marketing & Sales	- Telecom Power Systems - UPS	Common Stock	USD 10,000,000	USD 1,500,000	100
2.5.1.3 Delta Greentech (Brasil) S/A	Rua Almirante Alexandrino, 3100 Bairro Afonso Pena - 83045-210 São José dos Pinhais - PR - Brazil Tel: 55 41 2141 6363 Fax: 55 41 2141 6300	- Marketing & Sales - Assembler	- Power Systems - UPS - OEM Power Systems - Other Electronics Products	Common Stock	BRL 37,877,446.30	BRL 37,877,446.30	100
2.5.1.3.1 Delta Greentech (Curitiba)	Rua Almirante Alexandrino, 1130, Afonso Pena CEP 83040-420, São José dos Pinhais-PR, Brazil	Providing Engineering Service to Delta Greentech (Brazil)	-	Common Stock	BRL 1,000	BRL 1,000	100
2.5.1.4 Delta Energy Systems LLC	Office 401, Vereyskaya Plaza II, Vereyskaya Street 17, 121357, Moscow, Russia Tel: +7 495 644 3240 Fax: +7 495 644 3241	Marketing & Sales	Power Systems	Common Stock	RUR 30,000	RUR 30,000	100
2.5.1.5 Delta Energy Systems (Switzerland) AG	Freiburgstrasse 251, CH-3018, Bern-Bümpliz, Switzerland Tel: +41 31 998 5388 Fax: +41 31 998 5485	- Marketing & Sales - R&D	-	Common Stock	CHF 20,000,000	CHF 20,000,000	100
2.5.1.5.1 Delta Energy Systems (Czech Republic) spol. s r. o.	Perucka 2482/7, 120 00 Praha 2, Czech Republic Tel: 420 2 7175 18 00 Fax: 420 271 751 799	Marketing & Sales	Power System	Common Stock	CZK 8,000,000	CZK 8,000,000	100
2.5.1.5.2 Delta Energy Systems (Finland) Oy	Juvan Teollisuuskatu 15, PL63, FI-02921 Espoo, Finland Tel: +358 9 8496 60 Fax: +358 9 8496 6100	- Marketing & Sales - Assembler	Power Systems	Common Stock	EUR 269,100.68	EUR 134,550.34	100

Company	Location	Type of Business	Type of Product	Type of Stock	Registered Capital	Paid up Capital	Company Hold
2.5.1.5.3 Delta Energy Systems (France) S.A.	Zi du Bois Chaland2 - 15 rue des Pyrénées, LISSES, 91056 EVRY CEDEX, France Tel: +33 1 69 77 82 60 Fax: +33 1 64 97 05 77	Marketing & Sales	Power Systems	Common Stock	EUR 1,000,000	EUR 1,000,000	100
2.5.1.5.4 Delta Energy Systems (Italy) s.r.l.	Piazza Grazioli 18 , 00186 Roma, Italy Tel: +39 06 69941209 Fax: +39 06 69942293	- Marketing & Sales - Assembler	Power Systems	Common Stock	EUR 100,000	EUR 100,000	100
2.5.1.5.5 Delta Energy Systems (Spain) S.L.	Calle Luis I n° 60, Nave 1a, P.I. de Vallecas, E-28031 Madrid, Spain Tel: +420 2 7175 18 00 Fax: +420 2 7175 17 99	Marketing & Sales	Power Systems	Common Stock	EUR 200,000	EUR 200,000	100
2.5.1.5.6 Delta Energy Systems (Sweden) AB	Annavägen 3, P.O.Box 3096, S-350 33 Växjö, Sweden Tel: +46 470 70 68 00 Fax: +46 470 70 68 90	- Marketing & Sales - Assembler	Power Systems	Common Stock	SEK 2,010,000	SEK 2,010,000	100
2.5.1.5.7 Delta Energy Systems (Poland) Sp.zo.o	Poleczki 23, Street 02-822 Warsaw, Poland Tel: +48 22 335 2600 Fax: +48 22 335 2601	Marketing & Sales	Power Systems	Common Stock	PLN 2,500,000	PLN 2,500,000	100
4. Delta Green Industrial (Thailand) Co.,Ltd.	111 Moo 9, Bangwua, Bangkok, Chachoengsao, Thailand Tel: +66 38 522455 Fax: +66 38 522460	Integration, Sales/Trading, Installation and Service	Solutions for Renewable/ Electronic products	Common Stock	THB 200,000,000	THB 200,000,000	100

Nature of Business

The company and its subsidiaries are manufacturers and distributors of power supplies and electronic equipments and parts. At present, The company has 2 main plants in Thailand, our headquarter is located in Bangpoo Industrial Estate, Samutprakarn and another plant is in Wellgrow Industrial Estate, Chachoengsao. The oversea plants now are in India (located in Rudrapur and New Delhi) Slovakia in Dubnica nad Vahom and Myanmar divides its products into 3 main business groups as follows;

1. Power Electronics Group
 - 1.1 EPSBG Product Group (Embedded Power Supplies) which can be further divided down into 4 sub groups as follows;
 - DC-DC Converter
 - Power Supply for Computer & Networking i.e. storage, server and networking.
 - DES Power which offers high end custom designed power supplies for information technology, telecommunications, industrial application
 - Power Supply for Automotive
 - 1.2 MPBG Product Group (Mobile Power Supplies) including adaptor for broadband, printer, game, industrial and power tools
 - 1.3 FMBG Product Group (Fan & Thermal Management) including Cooling Fan, EMI filter and Solenoid
2. Energy Management Group
 - 2.1 PSBG Product Group (Power System) which can be further divided down into 3 sub groups as follows;
 - Telecom Power Solutions (TPS)
 - Uninterruptible Power Supplies (UPS)
 - Renewable Energy
 - 2.2 IABG Product Group (Industrial Automation) is automatic equipment for industrial sector
3. Smart Green Life Group including display products and LED lighting
(Please find further product details in the section of Product Profiles)

Revenue Structure of the company and its subsidiaries

Product Group	Unit : Million Baht					
	2016		2015		2014	
	revenue	%	revenue	%	revenue	%
Power Electronics Group	32,985	70.3%	32,179	68.6%	30,342	68.8%
EPSBG (Embedded Power Supplies)	19,764	42.2%	20,458	43.6%	20,001	45.4%
- DC-DC Converter	2,572	5.5%	2,695	5.7%	3,481	7.9%
- Power Supply for Computer & Networking	4,208	9.0%	4,838	10.3%	5,177	11.7%
- DES Power	11,164	23.8%	11,528	24.6%	9,774	22.2%
- Power Supply for Automotive	1,820	3.9%	1,397	3.0%	1,570	3.6%
MPBG (Mobile Power Supplies)	6,156	13.1%	5,668	12.1%	4,828	11.0%
FMBG (Fan & Thermal Management)	7,065	15.1%	6,053	12.9%	5,513	12.5%
Energy Management Group	13,160	28.1%	13,893	29.6%	12,518	28.4%
PSBG (Power System)	11,186	23.9%	12,310	26.2%	11,576	26.3%
- Telecom Power Solutions (TPS)	9,097	19.4%	10,321	22.0%	9,852	22.4%
- Uninterruptible Power Supplies (UPS)	1,136	2.4%	1,052	2.2%	1,168	2.7%
- Renewable Energy	953	2.0%	937	2.0%	555	1.3%
IABG (Industrial Automation)	1,974	4.2%	1,583	3.4%	942	2.1%
Smart Green Life Group	497	1.1%	318	0.7%	567	1.3%
Others	245	0.5%	548	1.2%	644	1.5%
Total Sales Revenues	46,887	100.0%	46,938	100.0%	44,071	100.0%

Product Profile

Our Brand : “To provide the most efficient and reliable energy saving solutions for customers”

Business Categories

Power Electronics



- Embedded Power Supplies
- Mobile Power Supplies
- Fans and Electronics Components

Energy Management



- Telecom Power Systems
- UPS
- Renewable Energy
- Industrial Automation

Smart Green Life



- Display and Visualization
- LED Lighting

Power Electronics Group

Advancing the competitiveness of our customers and their products by providing customized design and specifications of components, devices, and related services in the field power electricity.

Energy Management Group

Improving overall energy efficiency while reducing operation cost and capital expenditures of our customers through integrated systems, solutions, products and related services.

Smart Green Life Group

Contributing to intelligent, energy-saving and environment-friendly lifestyles via our core competencies, leading to greener and healthier lifestyles for individuals, families and businesses.





Embedded Power Supplies (cont'd)

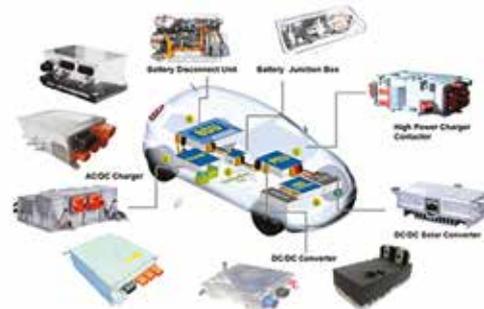
DES Power



Delta Energy Systems (DES) supplies fully customized innovative solutions/products for the computing (server, networking), office automation, and medical, as well as telecommunications, industrial applications and the automotive industry. As technology leader, our customized solution/products are packed with innovative technologies.

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 up to 11.0 kW, DC/DC converters and APM with an industry leading 96% energy efficiency up to 3.0 kW. And also new product about Traction inverter to support hybrid electric vehicle technologies requirement which launched on the road today and future of automotive business.

Power Supply for Automotive



Mobile Power Supplies (MPBG)

The Mobile Power Business Group includes Delta branded industrial power supplies, 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 industrial leading power density and a broad range of standard power supplies for industrial and medical applications.

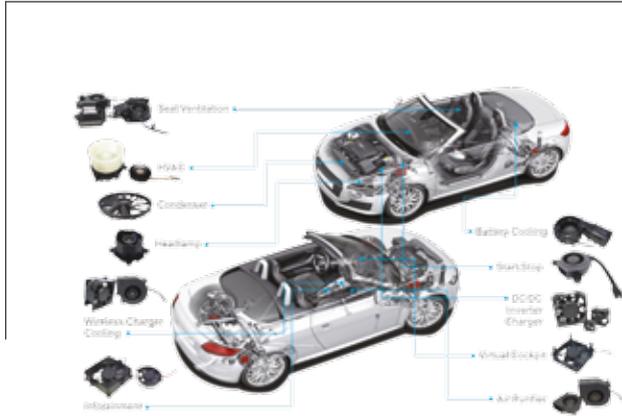




Power Electronics

Fan / Thermal Management (FMBG)

DC Fan



Delta DC fans are custom-designed and produced with cooling, ventilating and circulating functions in many areas for our reputable world class customers' automotive, telecom, IT, household and industrial applications.

EMI Filter



Electromagnetic Interference (EMI) Filters, with its function for noise & interference reduction, are widely used in home appliances, IT, Telecom to Industrial applications

Solenoid



Home appliance and automotive Solenoid are available for the customers' unique requirements, such as applications in the automotive ABS system, refrigerator, ice maker and electric door locks.





Delta is a world-leading developer and supplier of telecom power systems, uninterruptible power supplies, medium-voltage drives, and solar and wind-energy solutions. We are the number one provider of telecom power solutions in India, and Brazil, and the leading supplier in Europe, Americas and the Asia-Pacific.

At Delta, we offer an extensive range of energy management products and regularly apply our advanced engineering capabilities to the design and/or customization of systems and solutions for applications in datacenters, renewable energy, electronic vehicles, eco-friendly transportation infrastructure, green buildings and more.



Power System (PSBG)

Telecom Power System

Delta's broad range of telecom power solutions and global services to telecom operators, network manufacturers and system integrators are designed for radio access network, 4G LTE network, broadband access network and core network applications, as well as for Internet backbone and data centers. With its high reliability and economic efficiency, Delta Electronics is a leading provider of telecom power solutions for the telecommunications industry.

The company provides DC and AC backup power systems, in indoor, outdoor enclosures or as rack mount, OD systems with various cooling technologies i.e. Passive Cooling (using DC Fans + Filter & Heat Exchangers), Active cooling (using DC Air conditioners) and Hybrid Cooling (Using DC Air conditions with Emergency Free cooling/ Heat Exchangers) to meet different applications.

Delta's products also provide OPEX saving solutions for difficult AC utilities and off-grid sites by adding renewable energy and efficient energy management with the controller. These products are easily compatible with modern remote monitoring technologies which enable significant savings with easy site maintenance. The company's telecom power solutions are widely used in wireless and fixed line environments and are applicable to network equipment, xDSL access multiplexer, mobile broadband, cellular sites, and transmission applications. Delta's telecom power system offer solutions with international and regional telecom and environmental standards and are manufactured in TL 9000 / ISO 14000 facilities.



Energy Management

Uninterruptible Power Supplies (UPS)

Delta UPS business has more than a decade in designing, manufacturing and marketing UPSs globally. The company is committed to innovating technically superior products and providing energy efficient solutions for a wide range of home, office, data center and industrial applications. The company's client base covers world class enterprises in the areas of semiconductors,



optoelectronics, food processing, finance petrochemicals and telecommunications. Its UPS solutions include a full line of UPSs and management software, and delivers industry-specific solutions worldwide to a broad range of market sectors and industry leaders. Our UPS solutions not only ensure uninterrupted processes with unmatched reliability but also meet customers' growing business demands with uniquely-designed scalability and flexibility.

Renewable Energy

In order to grow the company's contribution to a greener environment, it has invested substantial resources to develop and market leading technology solutions in the field of renewable energy. Today, the company has been recognized as state of the art Solutions provider of Solar and Wind Power



Components for green energy generation. Over 100 MWs combined capacity Megawatt class Wind Power Converters with FPC technology have been deployed in a leading technology Wind turbine model in Wind Parks in Maharashtra state of India. Accompanying critical accessory solutions, such as turbine nacel and tower controllers, Auxiliary Power Unit for powering Wind Turbine electrical accessories, etc. have also been provided for the Wind turbines. The combined solution ensures higher efficiency and productivity, thereby helping to maximise the electrical energy harvest from the wind natural resource. Further, company successfully field tested its DFIG technology converters in the new market in the year 2016. The company is well poised to attracting key players in renewable energy sector offering its customized solution development capability.



SMARTER
GREENER
TOGETHER

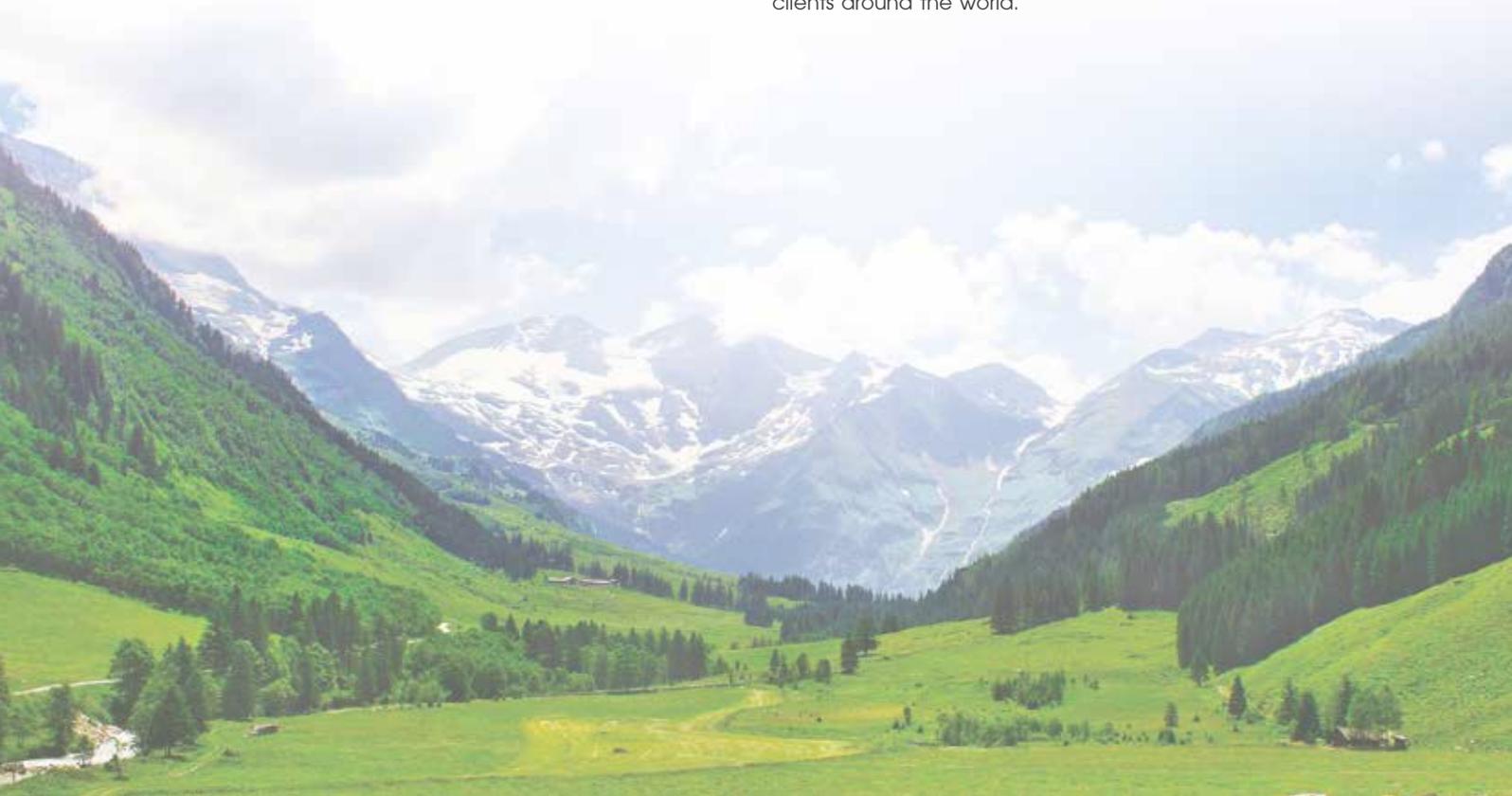
Energy Management



Industrial Automation (IABG)

Industrial Automation

Delta has been dedicated to quality, reliability, and excellence to realize our commitment to "Automation for a Changing World". We focus our expertise on drive & power, motion, sensor and control, and we integrate our industrial automation products, develop industrial control networks, and offer integration services to our clients around the world.





Smart Green Life

Delta group is a pioneer in the design of projection displays. Built with our group's industry-leading optics and advanced micro display technology, Delta displays span a variety of applications including home entertainment, control rooms, auditoriums, public information systems and exhibition halls.

Due to Delta Thailand's regional presence and excellent sales platforms, we are already an established distributor for some of Delta group's excellent products like the displays. For instance, our India subsidiary is now distributing the group's varieties of display product while another subsidiary in Thailand, Delta Green Industrial Thailand (DGIT), is now the distributor of display and Delta LED lights through their energy management solution business. With South East Asia's (SEA) strong economic environment and aggressive industrialization plans, the regional market should see good growth potential for Delta group's many products.

Display and Visualization



For control rooms and public information display systems, Delta offers a wide array of display technologies including rear projection DLP® video walls with Laser and Next-Gen LED technology, Xtra thin-bezel LCD video walls, and high-resolution indoor/outdoor LED displays with a powerful & highly flexible Wall management Software suite.

Vivitek, a brand of Delta, offers an extensive array of DLP® projectors ranging from 500 -12,000 lumens with options of resolution from SVGA to WUXGA. The extensive line-up consists of projectors for home cinema, education, large venue and meeting room projectors.



Production Capacity 2016

1. Embedded Power Supplies (EPSBG)

1.1 DC-DC Converter (DCBU)

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	6,863 sq.m
No. of operators	:	179
Production line	:	10 lines
Actual production	:	90% of production capacity

1.2 Power supply for Computer & Networking (CNBU)

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	7,040 sq.m
No. of operators	:	526
Production line	:	10 lines
Actual production	:	90% of production capacity

1.3 DES Power supply for SNT & IM (CDBU)

Thailand Plant

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	22,000 sq.m
No. of operators	:	1,407
Production line	:	24 lines
Actual production	:	70% of production capacity

Slovakia Plant

Location	:	Dubnica nad Vahom, Slovak Republic
Production area	:	6,500 sq.m
No. of operators	:	128
Production line	:	8 lines
Actual production	:	55% of production capacity

1.4 Power supply for Automotive

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	14,548 sq.m
No. of operators	:	361
Production line	:	11 lines
Actual production	:	75% of production capacity

2. Mobile Power Supplies (MPBG)

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	4,865 sq.m
No. of operators	:	1,558
Production line	:	13 lines
Actual production	:	CE: 93% of production capacity IPS: 88% of production capacity

3. Fan & Thermal Management (FMBG)

3.1 DC Fan

Auto Fan

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	5,896 sq.m
No. of operators	:	880
Production line	:	24 lines
Actual production	:	80% of production capacity

System Fan

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	3,548 sq.m
No. of operators	:	685
Production line	:	20 lines
Actual production	:	80% of production capacity

3.2 EMI & SOL (ESP LOB)

EMI Filter

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	2,620 sq.m
No. of operators	:	481
Production line	:	23 lines
Actual production	:	80% of production capacity

Solenoid/ Magnetic

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	645 sq.m
No. of operators	:	103
Production line	:	16 lines
Actual production	:	80% of production capacity

4. Power System (PSBG)

Thailand Plant

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	2,950 sq.m
No. of operators	:	126
Production line	:	TPS 6 lines, Telecom cabinet 1 line, Power Distribution Unit (PDU) 1line.
Actual production	:	TPS 87% of production capacity Telecom cabinet and PDU 73% of production capacity

India Plant

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	:	275
Production line	:	Telecom Power Systems 12 lines, UPS 2 line, Wind Power Converter 1 line.
Actual production	:	Telecom Power Systems 80% of production capacity UPS 70% of production capacity Wind Power Converter 11% of production capacity

Slovakia Plant

Location	:	Dubnica nad Vahom, Slovak Republic
Production area	:	3,000 sq.m
No. of operators	:	120
Production line	:	12 lines
Actual production	:	50% of production capacity

5. Display Solutions Business (DSBU)

Location	:	Plot No 43, Sector 35, HSIIDC, Gurgaon, Haryana, India -122001
Production area	:	1,040 sq mt.
No. of operators	:	30
Production line	:	Cube/LCD 1 cell line, Controller 1 cell line, Screen 1 cell line Mechanical workshop 1 cell line.
Actual production	:	Cube + LCD 55% of production capacity Controller 91% of production capacity Screen 46% of production capacity Machine shop 98% of production capacity

Most of the company's products manufactured in Thailand are obtained BOI privileges which are listed as follows

Promotional Privileges

The company and a subsidiary in Thailand were granted promotional privileges by the Board of Investment subject to certain significant conditions. Significant privileges of the company and the subsidiary in Thailand are as follows:

Detail	The company						A subsidiary in Thailand		
	1710(2)/2549	1541(2)/2552	1494(2)/2552	2061(1)/2553	1732(2)/2557	1158(2)/2558	1688(2)/2558	1813(2)/2554	1814(2)/2554
1. Certificate No.									
2. Promotional privileges for	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Manufacturing of telecommunication and electronics products for vehicle	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Manufacturing of Inverter	Manufacturing of electric light bulbs and display monitor
3. The significant privileges are									
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	8 years	8 years	7 years (Maximum amount Baht 298,170,000)	8 years	7 years (Maximum amount Baht 124,000,000)	5 years (Maximum amount Baht 155,000,000)	7 years (Maximum amount Baht 200,000,000)	7 years (Maximum amount Baht 182,000,000)	7 years (Maximum amount Baht 199,000,000)
3.2 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.3 Exemption from import duty on raw materials and significant supplies used in export production.	Non - granted	Granted	Granted	Non - granted	Granted	Granted	Granted	Granted	Granted
3.4 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Non - granted	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
3.5 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income.	Non - granted	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
3.6 Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Non - granted	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
4. Date of first earning operating income	27 January 2009	4 January 2010	15 March 2013	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation
5. Additional right and benefit	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	-	-	-	-

The company's operating revenues for the years ended 31 december 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

(Unit : Million Baht)

	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
Separate financial statements						
Sales & Services						
Domestic sales	356	390	96	97	452	487
Export sales	<u>33,300</u>	<u>31,241</u>	<u>104</u>	<u>96</u>	<u>33,404</u>	<u>31,337</u>
Total	<u>33,656</u>	<u>31,631</u>	<u>200</u>	<u>193</u>	<u>33,856</u>	<u>31,824</u>

Significant tax privileges which were granted to other subsidiaries of the company are as follows:

- Delta Electronics (Slovakia) s.r.o. was granted tax privileges by the Government of Slovakia for the manufacture of Power Supply and Solar inverters on 22 December 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 10 years from the year in which the promoted operations commenced, which was 2010. The exemption is capped at EUR 6.2 million.
- Delta Power Solutions (India) Pvt. Ltd. was granted tax privileges by the Government of India for the manufacture of Telecom Power Systems and Un-interrupted Power Solutions on 1 April 2008. The privileges include exemption from corporate income tax for a period of 5 years from the date the promoted operations commence generating revenues and a 30% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

Raw Material and Suppliers Sourcing

The raw materials are classified into two main categories: Electronics parts and Mechanical parts. Electronics parts are composed of Semiconductors (IC, diode, MOSFET, PWM etc.) and Passive (capacitors, fuse, resister, relay etc.), the majority of which are imported from Singapore, Hong Kong, Japan, Taiwan, Europe and the United States of America and paid mainly in US dollar. As for the Mechanical parts which composed of metal stamping, die-casting, wire harness, plastic injection, PWB and packaging, these are mostly procured from local manufacturers with some imported from China for risk diversification as well as cost benchmarking purpose. The ratio of imported raw materials to domestic raw materials is approximately 70:30. The company presently procures its direct raw materials from approximately 1,300 vendors with purchase value per vendor not exceeding 4.0% of total procurement value. Our vendors are also required to fulfilled requirement of ISO9001, ISO14001, OHSAS18001, TS16949 etc.

Automotive Business Materials Management

The company purchased materials from suppliers that are released for supplying. Suppliers are released with a positive result from a defined supplier selection procedure, which may include a potential analysis and/or supplier audit according to VDA 6.3. To ensure a project execution in due time and in due quality, the supplier is obligated to develop an effective project plan based on ISO/TS16949, VDA2 etc.

As D-U-N-S Number is affiliated with a company's business credit profile. We address the role of D-U-N-S Number to related supplier of EU car maker to get D-U-N-S Number hence the company can benefit from monitoring supplier credit profile. With a solid credit profile, The company should potentially achieve business growth win more contracts.

VDA 6.3 is tool for process audits within the automotive industry by German Association of the automotive Industry.

Research and Development (R&D)

R&D expenses of the past 5 years

	Unit	2012	2013	2014	2015	2016
Total R&D Expenses	USD (millions)	63.15	60.96	60.12	58.15	71.52
R&D Expenses as % of Sales	% of Sales	4.8%	4.5%	4.4%	4.2%	5.4%

R&D headcount per location

R&D Locations	2012	2013	2014	2015	2016
Thailand	370	359	333	313	353
Soest	170	170	175	175	172
Teningen	118	88	85	83	83
Switzerland	32	20	18	18	16
Finland & Poland	23	22	23	21	25
Hangzhou	44	45	44	49	48
Gurgaon	45	57	64	73	120
Romania	16	16	16	15	15
East Kilbride	17	13	15	15	16
Total	835	790	773	762	848

R&D expenses in 2016 were increased when compared to those of previous year. The R&D activities in the previous year basically focused on the development of automotive products which is considered new business of the company and also the development of some other products to serve the customers' various requirements.

In 2016, Delta has increased the efficiency of its power products by broadening the application of its key technologies. Furthermore, Delta pursues the continuity in developing energy saving power devices and to realize its green environmental targets.

The company's worldwide R&D centers (10 in total), located in Asia and Europe, have succeeded through their cooperation with the Delta group research centers in Raleigh (USA) and Shanghai (China), to maintain and extend the R&D leadership of the company in terms of energy saving power supply. In order to fulfill our wish for a better future, the company has developed a long-term partnership with renowned universities. This is a sustainable way to establish a long-term and continuous relationship with young and experienced people, to take care of technological, innovative and eco-friendly products.

Delta values a close cooperation with key customers who are primarily worldwide market leaders for new technologies, products and innovations as well as customers in new industries. On the basis of this cooperation and the related information exchange, we are prepared to respond to new future market challenges.

Through Delta's leadership position in the market, achieved with green thinking over the past decades, the company will continue its efforts to expand their know-how to develop new energy-saving technologies in the future and further reduce world pollution.

Server Storage Networking (SNT)

Delta's worldwide R&D team has accumulated decades of experience and knowledge in developing highly sophisticated customized power supplies for well-known companies in the IT domain, networking and telecommunications industry. We have applied our knowledge into developing new products beyond traditional power supplies which enabled us to become a system solution provider.



AC/DC Power Supply (6000W)
with 98% efficiency

In 2016, more than 20 products have been launched and transferred from design to mass production. Efficiency continued to be the key driver for our customers, especially for the Internet industry. In addition to efficiency, higher power density is a key requirement especially because of the open compute server market. We have met these dynamic market requirements by incorporating a new circuit topology using high integrated magnetic component design, the latest semiconductor technology and a modular design approach, to achieve the highest possible power density and efficiency. Delta deployed a new platform design, rated to 3 kW power with power density of 60 W/in³ and peak efficiency of 97% to several custom specific products. In addition, Delta team has developed the next generation technology to achieve efficiency > 98% with same power density. Here the next step for a 6 kW AC/DC technology platform was developed as well and will be rolled out in the next year. These technology platforms have a high degree of standardization and allow flexible customization with minimum design effort. So one platform design is the basic for multiple custom specific product.

In addition to pure power supply design, R&D's core achievement was the continuous extension of our product offering to additional products used in Datacenters, like complete servers shelves with distribution panel and power distribution units. Our R&D team was able to meet and even surpass our customers' expectations moving forward to solutions offering.

Power Solutions for Electric Vehicles (EV)

In 2016, Delta R&D has brought additional Battery Junction boxes, DC/DC converters and on-board charger products to mass production. Here, Delta could further extend in addition to the wide customer base on power supply solutions for AC/DC on-board charging units its product portfolio in the demanding automotive market with highly efficient DC/DC converters and various Battery Junction Boxes. Delta R&D extended its product offering by an innovative combination of DC/DC converters and on-board charger for different power levels up to 11 kW.

Delta R&D was awarded 11 kW On-Board-Charger (OBC) projects in 2016. This largest model is operational at single phase as well as 3-phase, applicable in USA, Europe and Asia.

The 7.2 kW on-board charger platform was further deployed to mass production for several larger OEM customers. Delta could extend its modular technology platform from 3 x 3.7 kW modules to new 3 x 7.4 kW modules allowing 22 kW in one package.

These modules incorporate the latest innovations in terms of topology and component selection. Furthermore, it has many sophisticated software functions, optimized production and assembly strategies, high power density and high efficiency.

The investments in wireless charging technology were continued at a reasonable level. A new demonstrator was demonstrated successfully at 7.4 kW power level for fork-lift truck applications in close collaboration with lead customers.



11kW On-Board-Charger with adjustable 1-phase and 3-phase input

Custom Designed Power Supplies for Industrial/ Medical Device Applications

Several major innovations have been performed by Delta's R&D team in 2016 to provide our customers with the best-in-class cost-performance ratio for industrial and medical applications, such as factory automation, machinery and robotics, battery charging technology, ultrasound application, artificial respiration and dialysis. Delta R&D transferred six DIN Rail power supplies, three medical products and two further industrial products to mass production.

The use of advanced power and control technology has led to products with the best-in-class parameter stability, efficiency, operation flexibility and reliability.



Charger Cabinet: Modular System for Industrial Applications

Custom Designed Power Supplies for Industrial/ Medical Device Applications

Delta R&D team completed the design of modular charging platform and will transfer this important platform to mass production in 2017. Customer demonstration units are operating successfully and market feedback is extremely positive to this outstanding product. The system implements a flexible solution that meets multiple customer needs based on a core technology platform. The system will allow charging of different battery chemistries, from Lead-Acid to Lithium-Ion over a wide range from 100-2000 A/hr. The high efficient 3 kW charge module core is managed by a system controller that defines different charging profiles. The system is modular and can be configured from two modules in parallel up to ten, allowing 6kW to 30 kW charge power. In addition to the wired charging solution Delta R&D could win a custom design project for 30 kW wireless charging module for fork-lift charging. So, for industrial application Delta R&D offers now technology platform from 1 kW, 3.6 kW, 7.4 kW up to now 30 kW.

In addition to the industrial charger product line, unique and highly complex multi-output power supplies have been introduced for Medical Ultrasound Products serving global market leaders with the best power conversion products of Delta Thailand.



Medical Power Supply for ultrasound

Custom Designed Power and Control solutions for Residential Green Energy Systems

Delta R&D deployed in 2016 the Residential Green Energy System (RGES) Technology to the market. Delta stated mass production of the hybrid inverter and the bidirectional DC/DC converter the system is using. The unique transformer-less inverter product allows on-grid and backup operation. Together with a new bi-directional DC/DC power conversion linking the battery to the system these two elements provide the power and control solution for a residential green energy system. This system works for different use cases like self-consumption maximization of solar energy, peak shaving, load shifting and finally back-up during grid outages. The company's new products have the highest efficiency and dense power conversion technology and comply with all new established standards in the US. The products are CEC certified 97% percent efficient which is outstanding in the market for a split-phase hybrid inverter.



Residential Green Energy System (RGES)

Research and Development India

As part of Delta Thailand's R&D team, Delta India's R&D team has expanded its development effort in multiple business areas and in developing new technologies.

The team has successfully launched 1MW solar power converters (central inverter), new generation SMCS for telecom, remote monitoring Gateways and new PDC solutions for datacenters. A new initiative has been made in product design to meet the future Make in India program.

For our key telecom business, a new range of SMCS solution is being developed as a contactor less SMCS, reducing the foot print and overall system size. Digital communication has replaced traditional wired interface for contactor control. This has brought higher reliability and prevents any tampering at site. These designs will enable customers to save on shelter space, and enhance the Delta offering.



Mega Watt Power

Mega Watt Power (MWP) R&D Team in Bangalore is now enhancing its design and development strength in more than Wind power. Solar Central Inverters - PVI, Power Quality, and other Megawatt power application.

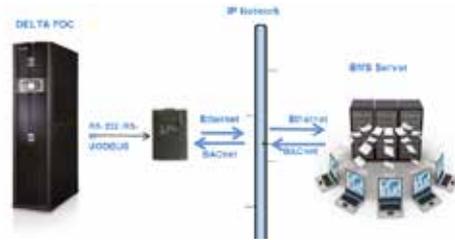
In the year 2016, PVI division of MWP launched the 1MW inverter; 3MW Solar power is commissioned and generating utility power in India. Also, MW R&D has successfully developed 1.25MVAR SVG/STATCOM for industrial low voltage applications. R&D capability is getting expanded to go for medium voltage applications (<35kV) without having any transformers to make a highly efficient conversion process. The team will cooperate with Delta Shanghai to improve competency and accelerate overall growth plans for India R&D knowledge and the competency.

Delta R&D in India is increasing its investment in High Power Converters in multiple new areas of application.



MCIS Solutions

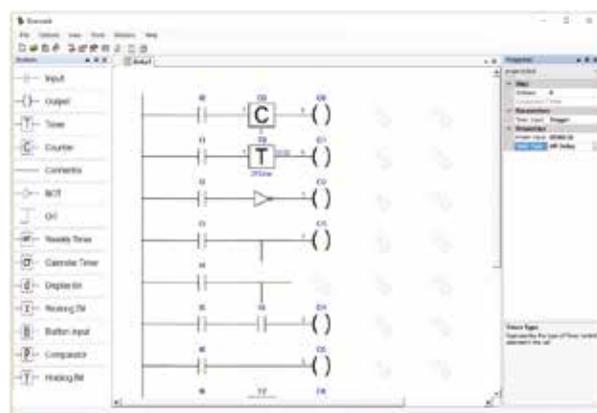
Delta India has now developed PDCs integrated with BACNET enabling our customers to seamlessly control and manage energy utilizing the BMS. This has further enhanced our offering of PDCs for datacenters. The customer is now able to integrate the BMS providing enhanced experience of using our PDC solutions. In keeping line with future expansion and make in India objective our team in India has developed products focusing India market more.



The IPS team had identified that it is important to develop more products for India and started to develop the power supplies for India in India, aiming to manufacture in India in the future. These ranges will provide boost to delta IPS in India market. The growing market for industrial power supplies in India will enable Delta to introduce these new designs in the market with superior quality and technology,



New generation smart relay, to cater to the increasing need in Industrial automation is also being developed. This fills a gap in the product portfolio of IABG and strengthens the market position of Delta in Industrial automation in India. The uniquely designed editors available on PC/Mobile and handheld design makes these devices extremely user friendly.



Monitoring and Control Solutions

New generation remote monitoring system for solar system is enabled with an enhanced Delremo product. This gateway allows integration of multiple sensors, and solar inverters to provide data to a server from a single point connection. The application SW will enable users to view data on PC/ Mobile devices at any time



ProTecht

An innovative E-surveillance solution and intelligent power management system has been developed by India R&D. ProTecht leverages proven remote monitoring technology solution that has been deployed at over 20,000 telecom towers spread across the length and breadth of India. This solution now drives ATM security and surveillance in India. The application is provided over web and smart phone to Monitoring of ATM data, live images view, Control the equipment, and Access Control.

Future Outlook

In the coming years, the India team will enhance the product innovation in storage and alternate power usage. The team will expand to include significant SW development. The team is investing in the new areas of bi directional power conversion and efficient power conversion with enhanced capability on embedded system development. Our Indian R&D team will collaborate with other Delta R&D centers in leveraging technical strengths across groups and providing competencies that add value to Delta globally.

India team will enhance the SW capability to improve service offering to the multiple and ever growing customer needs.

Standard Industrial Power Supplies

In 2016, IPS (Industrial Power Supplies) R&D teams in Thailand and Taiwan successfully delivered many new products and received great responses for them, new products series in Panel Mount family like PMH series and PMU series. PMH series are especially designed to fulfill household requirements for coffee machines, automatic doors IEC60335 and this series are additionally certified for safety standard EN61558-2-16 especially for Power transformers used in SMPS. Another noticeable new series is PMU. The PMU series comes with a feature of battery charging and can provide up to 1.5A current for external battery charging, this gives the user to increase the battery size and thus their buffering time during power failure. The PMU series are ideal for security systems where the user can replace a UPS with PMU and additional battery thus optimizing the efficiency of whole system and match to their cost vs. performance ratio, a perfect fit for optimized solutions.



A big part of the success in IPS product is attributed to great products. With good design capabilities, IPS is able to serve a wide range of customers from the cost demanding ones to the performance centric ones. This also enables IPS to penetrate many regions in very short time.

Several new standard power supplies released for LED market LNE series and many more new medical standard power supplies, it will be another exciting year in 2017. The LNE series will have new upcoming products in Y2017 with IPS team focus on high power outdoor lighting. As Delta brand becomes more recognizable as a great standard power supply in the channels and with continuing discipline in market and product researches, IPS will continue to gain market share globally in 2017.



2016-2017 Industry Outlook

Following information are extracted from several established market research reports. All sources quoted in the article are clearly defined.

General Economic Outlook

Worldwide

As of January 8, 2017, the World Bank is revising its 2016 global economic growth forecast down to 2.4% from the 2.9% pace projected in January 2016. Reason cited for the revision was because of the sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows. Commodity-exporting emerging market and developing economies have struggled to adapt to lower prices for oil and other key commodities. Growth in these economies is projected to advance at a meager 0.4% pace in 2017, whereas growth in commodity importers has been more resilient.

According to International Monetary Fund's (IMF) October 2016 report, it is also expecting a more subdued outlook for advanced economies following the June U.K. vote in favor of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and sub-Saharan Africa experiencing a sharp slowdown. In advanced economies, a subdued outlook subject to sizable uncertainty and downside risks may fuel further political discontent, with anti-integration policy platforms gaining more traction. Several emerging market and developing economies still face daunting policy challenges in adjusting to weaker commodity prices.

Southeast Asia, China and India

According to OECD's report, Economic Outlook for Southeast Asia, China and India 2017, the growth prospects of the Emerging Asian economies (Southeast Asia, China and India) are expected to remain robust over the medium term amid global economic uncertainty. Emerging Asian countries will see real gross domestic product (GDP) growth of 6.5% in 2016, 6.4% in 2017 and 6.2% per year over 2017-2021, below the rates seen in the recent past (Table 1). Growth rates and trends will vary across the region, however. While China's gradual slowing will continue, growth will remain strong in India exceeding 7% per year. Amongst the ASEAN-5, the Philippines and Viet Nam are expected to remain in the lead. Growth should see improvement in Indonesia and Thailand, but decline in Malaysia, particularly, in the near term. The CLM (Cambodia, Lao PDR and Myanmar) can expect continued high rates of growth, with more than 8% growth in Myanmar. Private consumption will continue to be an important factor of growth in most countries, particularly as exports grow slowly. Infrastructure also contributed to growth in many countries in the region. On the whole, fiscal balances will worsen slightly in the medium term.

Table 1. Real GDP growth in ASEAN, China and India

Annual percentage change					
Country	2015	2016	2017	2017-21 (average)	2011-13 (average)
ASEAN-5 countries					
Indonesia	4.8	5.0	5.1	5.4	6.2
Malaysia	5.0	4.2	4.5	4.7	5.2
Philippines	5.9	6.8	6.2	6.1	5.9
Thailand	2.8	3.2	3.3	3.6	3.2
Viet Nam	6.7	6.0	6.2	6.2	5.6
Brunei Darussalam and Singapore					
Brunei Darussalam	-0.6	0.7	2.0	1.8	0.9
Singapore	2.0	1.8	2.0	1.8	4.1
CLM					
Cambodia	7.0	7.1	7.1	7.3	7.3
Lao PDR	7.4	7.1	7.3	7.5	8.1
Myanmar	8.7	8.3	8.4	8.5	6.9
Two large economies in the region					
China	6.9	6.7	6.4	6.0	8.2
India	7.6	7.4	7.6	7.3	5.5
Average of ASEAN 10 countries	4.7	4.8	4.9	5.1	5.4
Average of Emerging Asia	6.6	6.5	6.4	6.2	7.0

Note: The cut-off date of data is 28 November 2016. Weighted averages are used for ASEAN and Emerging Asia. The figures for China, India and Indonesia (2016 and 2017 projections) are based on the OECD Economic Outlook 100. India data refer to fiscal years starting in April.

Source: OECD Development Centre, MPF-2017 (Medium-Term Projection Framework). For more information on the MPF, please see www.oecd.org/dev/asia-pacific/mpf.htm.

Table 1. Real GDP Growth in ASEAN, China and India
Source: OECD Development Centre

Overall, the above reports from different sources are aligned in their 2017 outlook that prolonged low commodity prices have adverse impact on the global economy on the whole. However, healthy growth is still expected in India and emerging Asia economies in 2017. Whereas growth for advanced economies in particular USA, China and EU region will remain subdued.

Power Supply Market

Global Merchant AC-DC and DC-DC Power Supply Market

IHS Markit's report termed "merchant market" to differentiate sales that result from a power supply manufacturer selling to an external company from "captive" sales that result when a power supply manufacturer sells power supplies to another division of its own company. For power supplies, Delta Electronics (Thailand) is focused on non-commodity merchant power supplies for both AC-DC and DC-DC power supplies.

According to IHS Markit's report (AC-DC & DC-DC Merchant Power Supplies - 2016), 3.2% projected CAGR is expected from year 2015 to 2020. Non-commodity (for industrial applications like factory automation and cellular telecommunication instead of personal use like mobile devices and office printer) AC-DC and DC-DC power supply market will reach USD 13.9 billion in revenue by year 2020 while the overall market including commodity type will reach USD 23.9 billion in revenue by the same year.

The top five vendors combined accounted for 41.5% of 2015 revenue. The report also noted Delta Electronics group as the number one power supply company once again in terms of revenue. Coupled with other market research reports, it is observed that the top five vendors' combined market share will have little change in 2017. Regional performance can be seen in Figure 1. with Americas seeing strongest year on year growth.

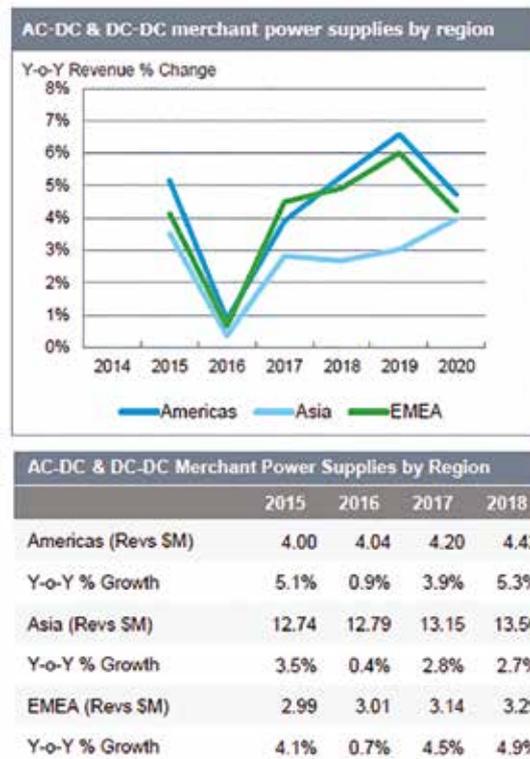


Figure 1. AC-DC & DC-DC Merchant Power Supplies by Region
 Source: IHS Markit's report, "AC-DC & DC-DC Merchant Power Supplies – 2016"

AC-DC Merchant Commodity and Non-Commodity Power Supply

According to IHS Markit's report ("AC-DC & DC-DC Merchant Power Supplies - 2016"), the AC-DC merchant commodity and non-commodity worldwide market revenues will decrease in revenue by -6.6% and -0.6% respectively from 2015 to 2016. 9.2% projected CAGR is expected from year 2015 to 2020 for non-commodity type and a negative -3.8% for commodity type. Non-commodity power supplies will reach USD 13.0 billion in revenue by year 2020 while commodity type will reach USD 6.9 billion in revenue by the same year. The decline in revenues is projected because of reduced demand in key applications in the commodity market, particularly computers and office equipment. Whereas, much of the growth of non-commodity power supplies will be driven by the adoption of LED lighting. If the LED lighting category was eliminated from the forecast, the CAGR from 2015 to 2020 would be reduced to 1.7%. In IHS Markit's conclusion, this highlights the slow underlying growth in many of the applications serviced by the non-commodity AC-DC market.

DC-DC Converters

According to IHS Markit's report ("AC-DC & DC-DC Merchant Power Supplies - 2016"), 1.3% projected CAGR is expected from year 2015 to 2020. USD 2.9 billion in revenue is expected in 2016 which is a 1.5% increase from 2015. By the end of year 2020, DC-DC converters market is forecasted to reach USD 3 billion in revenues.

Electric Vehicles (EV) Market

EV Market Growth

Based on several market research sources including Technavio and Frost & Sullivan, it can be concluded that about 550 k EV cars had been sold in 2015 out of 92M automotive shipped. Therefore, EV car market stands at 0.6% of automotive market as of 2015.

Although it is a small percentage, with further reference to Bloomberg's report ("Electric vehicles to be 35% of global new car sales by 2040"), by year 2020 EV car sales will account for about 3% (2.7 M cars) of global new car sales and by year 2040 the number will reach 35% (>40M cars). Refer to Figure 2.

The Bloomberg's report also stated that "Battery prices fell 35 percent last year and are on a trajectory to make unsubsidized electric vehicles as affordable as their gasoline counterparts in the next six years, according to a new analysis of the electric-vehicle market by Bloomberg New Energy Finance (BNEF). That will be the start of a real mass-market liftoff for electric cars. By 2040, long-range electric cars will cost less than USD 22,000 (in today's dollars), according to the projections. Thirty-five percent of new cars worldwide will have a plug."

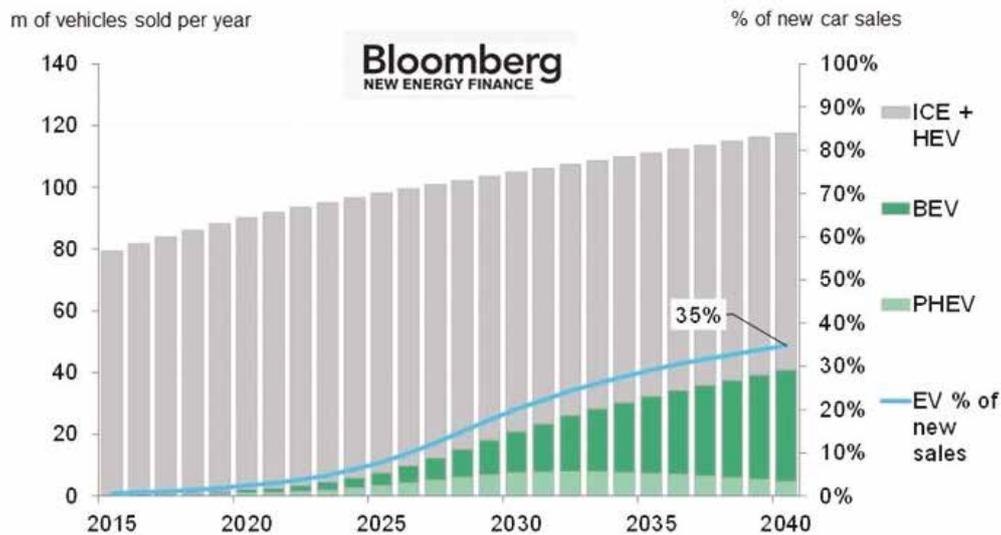


Figure 2. Global EV car sales projection as a percentage of new car sales
Source: IHS Markit's report, "AC-DC & DC-DC Merchant Power Supplies – 2016"

Such positive outlook, however, will also depend largely on the progress of infrastructure setup like EV chargers. Delta Electronics (Thailand) has the capabilities to provide EV charger solutions in addition to many HEV and EV related products including onboard charger, battery junction box, inverters and a wide array of quiet and energy efficient fans for automotive.

Industry 4.0

Hype or Revolution

Since the term “Industry 4.0” was allegedly coined in 2011, it seems like the industrial revolution is here to stay if the progress in the past years is anything to go by. Industry 4.0 is manufacturing automation technology through data exchanges and analyses with a combination of cyber-physical systems, the Internet of things and cloud computing to realize a highly productive and connected manufacturing setup. Smart factories are thus created with the implementation of such setup.

According to PwC’s 2016 findings in their report, “Industry 4.0: Building the Digital Enterprise”, industrial companies expect to generate 3.6% p.a. in cost reductions over the next five years, driven by internal improvements and by working more closely across value chains. Those companies are also expecting to generate 2.9% p.a. in increased revenues by digitizing products and services and developing new digital service offerings, all the way through to hosting platforms for industrial ecosystems. The survey was conducted across 26 countries and more than 2,000 industrial companies participated.

PwC’s report further stated that investments in Industry 4.0 capabilities are expected to reach around 5% of annual revenues p.a. The good news: more than half of companies expect a return on investment within two years. And the payoff will potentially be enormous, as competitive landscapes get redefined. In working towards Industry 4.0, over a third of industrial manufacturing companies surveyed report they have already reached an advanced level of digitization and integration and around three-quarters expect to be at such a level in five years’ time with the base year as 2016 (Figure 3).

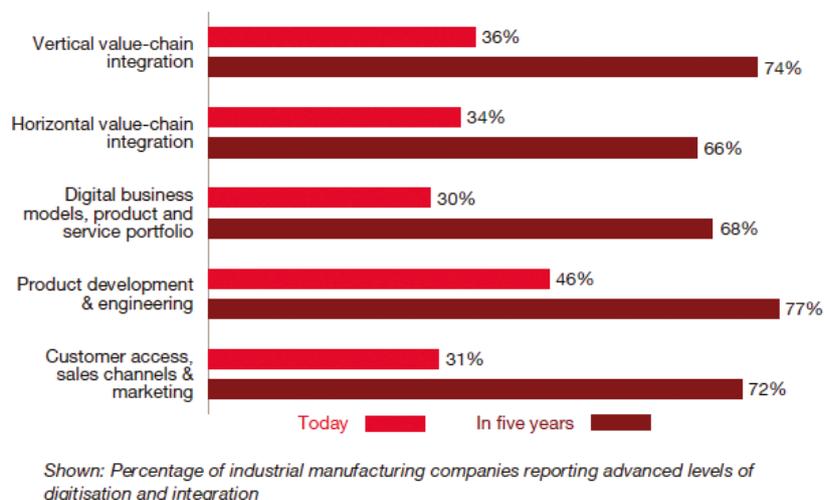


Figure 3. Industrial manufacturing: Industry 4.0 has arrived at the strategic and operational core of many industrial manufacturing companies

Delta Electronics (Thailand) is poised to benefit from Industrial 4.0 growth not only because of the company’s wide range of relevant products and solutions which include Industrial Automation products and solutions, Uninterruptible Power System (UPS), Mission Critical Infrastructure Solution (MCIS), extensive range of industrial power supplies and DC brushless fans; but also the ability to utilize our know-how to transform our own factories into Smart factories in phases. Consequently, in 2017, Delta Electronics (Thailand) will continue to see new opportunities in Industry 4.0 related businesses while significantly improving our cost of manufacturing with higher productivity brought about by our manufacturing process transformation towards Industrial 4.0.

2017 Business Directions

Delta Thailand Operation Review

In 2016, Delta Electronics (Thailand) PCL. had accomplished more than 80 automation projects. At the same time, the company has made a strategic decision to upgrade all Delta factories to "Delta Smart Manufacturing". It is a five year plan to integrate all manufacturing processes digitally with optimum automation rather than just upgrading with single station automation. Such integration aims to enable all data about the manufacturing process to be available anytime and anywhere with IoT platform. The big data collected will be used for predictive analysis to optimize production plan, improve logistic efficiency, enhancing machine maintenance processes, quality control and many more.

As planned in 2015, Delta's Myanmar factory started its operation in 2016. By the end of 2016, Myanmar factory has 400 head counts and accounted for more than 6% of magnetic production quantity. In 2017, the head count will increase to 1,000, and contribute to 22% of total magnetic production quantity. As result, Delta Thailand can free up 1,394 m² of production space to accommodate the growing demand from more strategic products.

Quality Diagnosis has been carried out in past two years successfully. A number of improvement projects are implemented to simplify and align operation flow to enhance product quality and productivity. The Quality Diagnosis will also focus on reviewing the progress of Smart Manufacturing implementation from 2017 onwards.

On energy conservation aspect, after years of continuous infrastructure improvement within our facilities, Delta has decided to take a big leap to realize further improvement as the results from traditional methods have plateaued. Two big projects initiated in 2016 were the solar cell installation expansion and Burn-in energy recycling. The solar cell installation project is to expand significantly the area of solar panel installation in the parking lot, terrace and roof top area. In 2016, we had already completed the installation at car park and terrace area which can produce a total output power capacity of 887kWp. In other words, it is translated into 3,250,000 kWh per year of energy saving. In 2017, we will complete the roof top solar panel extension for total output power capacity of 1,920 kWp or another 3,350,000 kWh per year or energy saving. Burn-in energy recycling project is to convert DC current generated during Burn-in process into AC current for reuse power systems. This project can save about 270,275 kWh per year. The project is targeted to complete within 2018.

Telecom Power Business in India

Indian telecom Industry leapfrogged with the advent of 4G LTE technology. Presently India is the third largest internet market adding over 40 million internet users in 2016. Seven out of eight internet users started accessing internet from mobile devices. The internet users are expected to grow to 60 million in 2017.

Reliance-Jio, the latest entrant in India's Telecom market, launched their 4G LTE network services in the last quarter of 2016 with the fascinating promotional offer of lifetime free voice calls and free data usage till March 31, 2017. Indian telecom sector has traditionally been voice driven. Reliance-Jio's new technology VoLTE introduced the business model from a voice to a data centric one. Furthermore Reliance-Jio has set off a fierce mobile tariff war compelling the incumbent players to slash tariff so as to retain their subscribers.

Pertaining to Delta's business volume in telecom industry, though our businesses with all the existing large accounts like Indus, ATC and Bharti have increased, the total revenue receded marginally due to the cut-down of new business from Reliance-Jio as they opted for leased sites instead of building their own infrastructure. However Reliance-Jio 4G LTE network brought in new opportunity for designing and supplying small capacity power systems in large quantity for powering their Pico cells and Wi-Fi solutions. There was an additional challenge to develop some inverters at a rapid pace, in which we succeeded. This has helped us to won significant business share.

We also have made significant progress in our non-telecom business as well. We have succeeded in winning two large deals from Larsen & Toubro (Indian multi-national conglomerate) for approximately 5 million US dollars for city surveillance, security and traffic management projects. This has further fortified our aim to gain leadership position in non-telecom areas. Government of India's Smart Cities initiative has also opened up many business opportunities. We have some on-going projects and are expecting to secure some deals in 2017. Additionally, as part of our new business initiatives, we are working to penetrate railways and utilities segments and working to build sites on turnkey basis targeting larger revenue base on top of Containerized Data Centers.

Telecom Power Business in EMEA Region

The EMEA market trends from the first half of 2016 have further impacted Q3 sales, primarily relating to the slowdown of mobile broadband rollouts like LTE and 3G refresh. The decline, in both mobile broadband coverage and core infrastructure are mainly caused by declining network rollouts of all of our major customers, especially in Europe and Turkey areas. Despite the challenging market landscape, Delta's EMEA team maintained the business relationship with nearly all major mobile operators in the region. The telecommunication infrastructure market is turning into more solutions oriented which means that infrastructure improvements like energy and CO2 reduction shall become our business focus. Emphasis will be put on speeding up the hybrid solution business and energy data management solutions which provide significant energy and cost savings to our clients. These areas are potential growth engines in 2017. It is therefore vital to invest more attention and resources in establishing sales and service offices close to these customers.

Delta Standard Industrial Power Supply

The Industrial Power Supply (IPS) team had gained double digit net profit in 2016 although overall revenue remains about the same as previous years because of some low cost products moving to China. However, with more high value new series of products starting production since mid of 2016 into 2017, revenue is expected to grow healthily in 2017. Some new products include the high performing CliQ M series and CliQ VA series with LCD display DIN rail power supplies. The highly successful PMH panel mount power supply series will be extended in 2017 too on top of several new customized projects. In 2017, IPS team will push for EMEA growth with new sales resources. Efforts to further penetrate more new Southeast Asia markets shall leverage on the new Southeast Asia sales offices and channel initiatives started by Delta Thailand. The marketing team will focus on significantly expanding our online presence including enhancing the homepage and social media, continuously adapting to Search Engine Optimization on Google search, extending our subscriber list through content enhancements and increasing our global trade show participation.

Southeast Asia (SEA), Australia and New Zealand (ANZ)

Industrial Automation (IA)

2016 is a positive year for industrial Automation business segment. We have enhanced our competency by successfully transforming the existing business into system integration (SI) and solution business. We have bagged one OEM customer (blow film machine), two key accounts in Thailand and one new SI in Vietnam. We have become the approved vendor of for a major consumer brand for servo system in Indonesia. We have entered the HVAC and WWW segment with our CP2000 Vector Control Drive and some project references in this regard were made in Singapore and Malaysia. Despite the major achievements, we have witnessed some setbacks in 2016. The weakened currency and poor market funding adversely affected the businesses in Malaysia. However, as learning from this setback, we will diversify our targeted market by spreading across to different countries while focusing more on solution business. In 2017, we will put emphasis in penetrating industries like electronics, jewelry, Food & Beverages, metallurgy and building materials. Developing system integration for building automation and factory automation and becoming the approved vendor in the Building Construction Authority community is the other focus area for Delta Industrial Automation Business.

Mission Critical Infrastructure Solution (MCIS)

The MCIS business unit continues to position itself as a leading industry player in power management and energy efficiency by providing highly reliable and market leading efficient UPS (uninterruptible power supplies). Our accessories and data center infrastructure solutions (DCIM) ensure continuity of our customers' mission critical operations while exceeding customers' total cost of ownership (TCO) objectives.

Year-on-year, we had another great growth spurt, with nearly 50% increase in business. We have won several prestigious Government projects in Thailand, Singapore, Philippines and Australia and made notable milestones in Telecommunications, High-tech Manufacturing and Hospitality fields.

We are looking for robust growth in 2017 with our continuous pursuit of the global/regional Data Center and Colocation operators/owners while increasing our touch time on the expected ICT fields towards MNCs adopting on-premise setup. Added modules in our DCIM solution will prime Delta MCIS as the industry's leading Data Center management and monitoring player. We will also kick-start our next lap of growth by developing competencies on Regional/Global clientele via vertical integration.

Continued engagement on the right brand/ value proposition, channel and key account management, the SEA team continues to gain traction, particularly in IT computing, high-tech manufacturing and healthcare industries. We will continue to expand our market breadth through our valued partners and the value chain within the power supply industry.

Delta Energy System (DES)

Server, Networking and Telecom Business (SNT)

2016 has been a year of many ups and downs for the SNT business. While telecommunication business has been strong throughout most of the year, the datacenter business was struggling due to unexpected saturation at SNT's oldest datacenter customer. Traditional high-end server business sales has taken the biggest hit in 2016 as markets shift more to cloud services and medium to entry level servers. Networking product sales stayed on a healthy level but could not compensate the falling sales from the high-end server market.

Regardless of the down turn of the traditional business, SNT has been able to develop multiple new customers with its highly technical and competitive new 1-N designs. New products have been launched and many more are to come to the market in 2017 to expand the growing business opportunity with many startup and medium size customers that have growing demand throughout the next couple of years. Our highly competent sales and service teams will continue on new efforts to create more new accounts as the market is still full on new opportunities.

Industrial & Medical Business

Stability defines 2016 in the Industrial & Medical line of business with 9% year on year growth in revenue and 6% net profit.

The major accomplishment of 2016 was a successful launch of the 4th generation DIN Rail power supplies. The key feature announced to the market was the implementation of NFC as a means of custom configuration to specifically address Industry 4.0 market needs.

For medical area, the premium ultrasound market will remain a strong foothold for DES as an additional new award was received and working towards an opportunity to acquire a third customer who will round out the Big Three in the industry. Moving into 2017, the challenge before us is to retain all existing customers as the industry is transforming itself with new generation technology.

Opportunities in charging for the non-auto electric vehicle segment continue to flourish. The cost effectiveness of Li-ion batteries and implementation of automation are driving the material handling market and bringing significant changes to the charging infrastructure. Our on-board, stationary and wireless charging solutions are primed for success. To showcase this excitement we will exhibit at the leading tradeshow for material handling, ProMat, on April 2017 in Chicago.

Automotive Business in DES

In 2016, DES's automotive business has achieved the budgeted target. The increasing demand for on-board charger (OBC) has contributed the major revenue growth. The new programs launched in Q4 2016 through early 2017 have helped in additional sales growth in 2017.

Besides OBC in power levels of 3.3 kW and 7.2 kW, DES will introduce in 2017 various new DC/DC converter as well as battery connection units as OEM for the leading car manufacturers in the world. The majority of these products are the Plug-in hybrid electrical vehicle (PHEV) market. The ongoing product developments are not only boosting the OBC power level to 11kW but also expanded the application competency for full-electrical vehicles.

Besides the ongoing expanding product portfolio DES will add new global leading OEM's to its customer portfolio in 2017 and developing many others for the following years to come.



Risk Management

Risk is inherent in all business and administrative activities and becoming more complex with higher speed of change in today's business environment. The company has continuously raised risk management awareness throughout the organization, as we believed risk management is one of the most effective tools to ensure the good management practice and facilitate the achievement of organization's objectives. The Board of Directors has appointed a Risk Management Committee to prescribe risk management policy that covers the entire organization and its extended networks to ensure that risk management procedures or systems are in place to appropriately mitigate impacts on the organization.

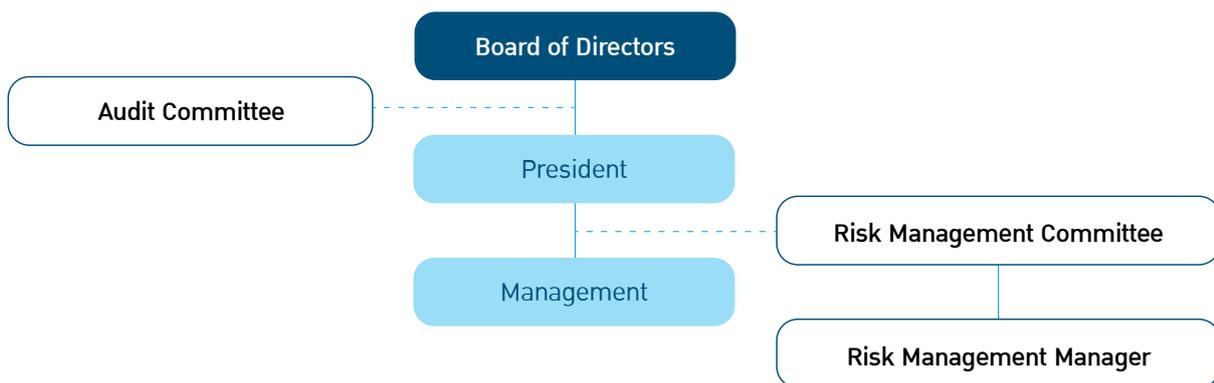
Risk Management Committee

The Risk Management Committee's Chairman is the President of the company and one of the members of the Board of Director. The Committee comprises of not less than five members who are the head of the major functions and/or the person assigned by Board of Directors or Chairman of the Committee. The Committee may, when necessary, invite other persons, who are involved with or responsible for any matters related to the meeting agenda, to participate in the Risk Management Committee meeting.

Duties and Responsibilities of Risk Management Committee

1. Establish risk management procedures
2. Implement risk management, to delegate the risk management to their respective managers
3. Develop and review strategic risk management plans
4. Semi-Annually and/or any time that is necessary report to the Audit Committee and at least once a year report to the Board
5. Monitor and continuously improve risk management
6. The Committee may seek advice from relevant professional consultant in some cases

Risk Management Committee Organization



Risk Management Process

In order to put the risk management framework into practice, the Risk Management Committee has set up the risk assessment and risk policy to the management and the information is documented in the “Risk Management Committee Charter”.

The Committee has advised the management to perform risk management according to the risk management policy with the support from Risk Management Manager who acts as the focal point for each department. The management and head of the major functions need to identify the risks and how the risks happen, risk foundation, the area which risks occurred; measure the risks, ranked them, and prioritized them, then form the risk management strategies and processes. Risk Management Manager will summarize the information and documentation from relevant departments and present it to the Committee.

The Committee will review the documentation, allocate priorities, develop and review of strategic risk management plans proposed by each function (if any), and ensure the compliance with risk assessment and management procedures. Finally, submit a report on the status of the risk management to the Audit Committee or the Board at least 2 times a year.

Key Risks and Management Strategies

1. Financial Risk Management

1.1. Risks Arising from Fluctuations in the Global Economy

If using a word to define 2016 situation, “Unpredictable” probably would be one of the best choices. There were two main unpredictable events happened, Brexit and Donald Trump elected as US President, also with some other events such as the slowdown in China economic growth, US economic recovery with the gradual increases in federal fund rate which has significantly impacted the global economy, especially in Europe, Asia and the emerging markets.

The company believes that the world economy will continue vulnerable and it still remains cautious over the economic situation and adopts two measures to help lessen the above-mentioned risk. One is to continue developing the products and services to correspond market demands and the other one is to focus on the improvement in its internal operations to ensure its profitability.

1.2. Exchange Rate Risk

In first nine months of 2016, tourism and government spending were the main engines of Thailand’s economic growth. Private investment growth was likely to recover even though manufacturing sector expanded at a low level. The Baht had been strengthened by the investment fund inflows in both debt and equity markets.

In last quarter of 2016, Thai Baht movement was more volatile due to both internal and external factors such as Brexit, Trump’s winning the US election, King Bhumibol’s passing away. The above events caused a high volatility in USD/THB. As a result, the company’s operation was affected by such volatility as the major revenues of the company and its subsidiaries are mainly denominated in US dollar, making a lower exchange gain from Baht 412 million last year to Baht 183 million in 2016

The company continues adopting the hedging policy to mitigate the foreign exchange risk by using natural hedging for the company's assets and liabilities in foreign currencies. In addition, the company also uses the foreign currency forward contracts to entirely protect net position of each currency. This policy is effective in minimizing risk from fluctuations of exchange rates or interest rates. In managing foreign exchange rate risk, the company aims mainly to lessen the risks and avoid speculation with some reasonable costs incurred from hedging transactions.

Apart from managing the risk on US dollar currency, the company also deals with other currencies in relation to the countries where subsidiaries are located such as India Rupee and others. Risk management for each currency is varying in accordance with the situation in each country. It is therefore necessary to monitor closely and regularly.

1.3. Accounts Receivable Collections

The global economic recovery rate remains slow which may have significant impacts to our customers' payment ability. However, with the efficient and experienced accounts receivable management, credit control system and experienced personnel, the company, even it has encountered various challenges, has managed the accounts receivable and collections satisfactorily during the past years. This can be seen from the amount of the past due trade receivables of 6 months and over which were accounted for around 1.3% of total trade receivables. This has helped ensure the sufficient and smooth cash flows to support the business operations.

However, given the vulnerable world economics, the company therefore needs to closely monitor and constantly evaluate the situation if there will be any factors affecting the company's operations and the customers' financial position to ensure collection of receivables. The company also utilizes credit insurance to mitigate the trading risk.

2. Corporate Investment Risk Management

Investments and financial assistances given to the subsidiaries are generally risk inherent transactions. Risk management practices that the company adopts are close monitoring and control of treasury, accounts receivable and some other significant financial and administrative activities. The executives of subsidiaries are from time to time gathering at the company, either for training, meeting or performance review which is regularly done through video conference. Not only efficiency in administration towards the same business direction can be assured, working morale and cooperation among the group also builds up.

3. Supply Chain Risk Management

The company assesses the major risk factors throughout the supply chain, this is because any misalignment in the supply chain management would affect the confidence of consumers and other stakeholders as well as impact future operations. In 2016, the overall supply situation was stable, even though there were political & economic uncertainties and unexpected events, such as the growth slowdown in China, emerging markets' financial vulnerabilities, the impact of terrorism on cross-border movements, and the fallout from Brexit, the company did not encounter any serious supply related issue. The company also does not foresee any potential risk of supply issue and will continue to monitor closely to ensure no disruption to our operations.

To ensure good quality and continuity of supply, the company always places strong emphasis on managing “Key/Critical suppliers” and “Key/Critical parts” in our supplier management framework. Apart from evaluating the technology, quality, responsiveness, delivery performance and price of the supplier, the company also focuses on managing the supply and demand of critical parts by utilizing end customers demand forecast, system integrators and suppliers inventory level. Generally, local suppliers are preferable as they offer an advantage in delivery time and responsiveness but they are also required to meet our standards for technology, quality and price.

The company also conducts in-depth analysis of key suppliers’ financial status after the global financial crisis as well as reviewing the supply chain diversification/ geographical distribution of suppliers’ production lines in order to reduce the risk of material shortage caused by extreme climate conditions or possible major disasters in the future

In addition, to lower ESG risks in the supply chain and improve competitiveness, Delta Thailand started promoting EICC Verification Consultation since 2014. A verification and consultation team has been organized jointly by Delta’s human resources, labor safety, plant affairs, and purchasing departments to perform EICC verification and consultation of key suppliers with high ESG risks. Room for improvement has been verified for most suppliers in health and safety aspects of the EICC management system. Excessive work hours are common managerial problems in the industry. Addressing these findings, the Delta verification and consultation team provided experience in introducing and promoting Delta’s Management System for reference to suppliers, with continuous follow up to ensure continued improvement. Up to now, there are 96% of suppliers signed in “Declaration of Compliance with EICC Code of Conduct”. Besides the high % of the signed ‘EICC Declaration”, The company held the “EICC On Site Audit” focus on local suppliers, all of those local suppliers can comply with EICC Code of Conduct requirement.

4. Information Risk Management

The company believes a sound and highly secured corporate IT management system can provide the management with fast, effective and transparent information for decision making and reduce the IT security threats.

For Application management, awareness programs and regular audits are prepared and implemented by IT department together with the cooperation of vendors, to improve the software compliance. There are also Software Development Process & Control Procedures to manage the in-house software development and bugs deductions.

For Infrastructure management, the company engaged with professional contractors and service providers to build up firewall, hardware redundancy, maintenance service and proactive care service, to reduce risks of hardware failure, data loss and improve the information security.

In 2016, ransomware and hackers continued their relentless march across the cyberspace, cyber-attack become common threat to any operations worldwide. The company conducted various trainings to increase employees’ awareness and vulnerability scanning to avoid cyber-attacks, review administrative rights to limit users to install software in computers, installed Data Lost Prevention system to block access to unauthorized personal electronics devices, external cloud storage or USB and proactively update the software patches and review software installed to manage and mitigate the risks.

5. Legal and Intellectual Property Rights Risk Management

Intellectual Property refers to legal rights over creation by human intellect in form of invention. Intellectual property includes copyright, patent, trademark, petty patent, trade secret and layout-designs of integrated circuit.

Intellectual property has values both beneficially and commercially which results from intellect ability, knowledge, monetary investment and time in creation of an intellectual property. Therefore, inventors and authors should be protected and maintained from any kind of infringement, while the intellectual property of the others should be respected and legally used.

In recognition of the importance of intellectual property, the company makes the policy to guard and protect the intellectual property owned by the Company from violation and unauthorized uses, while also maintaining strict respect for the intellectual property of the others.

When using, duplicating, adapting, disclosing or disseminating copyrighted materials to the public, whether in whole or in part, executives and employees should proceed only after being granted approval or permission from the copyright owners. In the case of any doubt in dealing with such copyrighted materials, prior to proceeding - it is the duty of the employees to consult on such matters with the legal department.

When using legally registered logos or trademarks of the company or Delta Group, executives and employees should take into account appropriateness of use, and apply it prudently only for the benefit of the company or Delta Group.

Any invention and design, new product or any discovery which results in a new and improved product or service, which has not yet been registered for a patent or petty patent, must be safely guarded and protected from intellectual property infringement.

When duplicating, adapting, disclosing and disseminating copyrighted works or other people's trade secrets to a third party or the public, either in whole or in part, permission or consent must first be legally granted from the copyright owners.

Employees who have access to trade secrets (for example, trade information, production cost information, production formulas, product pricing formulas, patterns, software, technical methods, production procedures, business management information, product price details, customer lists and advertising strategies) are required to safely guard such information and comply with company Code of Conduct.

6. Environmental Risk Management

It is the company's mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow". The company is the first in Thailand being certified ISO14064-1 (Standard of Management System for Quantification and Reporting of Greenhouse Gas Emissions) and ISO50001 (Standard of Energy Management System) and remains committed to the standards in order to further enhance company's competency towards the future.

The company has developed a SCADA (Supervisory control and data acquisition) system and in-house software which integrated with digital metering technology at main sites including Thailand factories to monitor, gather and process data. The real-time monitoring and analysis functions provided by the system help identify more opportunities for energy saving and carbon reduction.

The company has participated in Ministry of Industry's "Green Industry" program to showcase its serious commitment to the environmental-friendly practice. The company's two plants at Bangpoo Industrial Estate and Wellgrow Industrial Estate are certified Green Culture, Level 4. The company has also received a number of certifications relating to environmental management and will keep improving its operations.

Regarding the management of environment-related substances (ERS) in products, the company has incorporated the IECQ/QC080000 quality system and promoted Green Product Management (GPM) systems in major plants.

7. Occupational Health and Safety (OHS) Risk Management

The company carries out the OHS risk management through the following activities:

1. Provide basic safety training such as fire prevention, first aid to employees, subcontractors and vendors. Safety Officers at supervision and management level to organize special trainings such as radiation prevention, forklift, machine and confined space safety; and emergency response drills such as fire drill and chemical spill drill.
2. Set up Safety Committee to carry out regular audits and improvements on workplace environment such as stack air monitoring, drinking water and waste water inspection, radiation monitoring from X-Ray machine, etc.
3. Arrange activities to increase the risk management awareness of employees from time to time such as Safety Week campaign, Corporate Social Responsibility (CSR) Safety project, etc.



Company General Information

Delta Electronics (Thailand) Public Company Limited

Company Registration Number

0107537002559

Headquarter Contact Address

909 Soi 9, Moo 4, E.P.Z., Bangpoo Industrial Estate, Tambon Prakasa,
Amphur Muangsamutprakarn, Samutprakarn Province 10280, Thailand
Tel. : (662) 709-2800 Fax : (662) 709-2833

Nature of Business

Manufacturing and exporting of power supplies and other electronic equipment and components

Home Page

www.deltathailand.com

Registered Share Capital

1,259,000,000 ordinary shares at par value of Baht 1

Paid up Capital

1,247,381,614 ordinary shares at par value of Baht 1
(As of 16 January 2017)

References

1. Auditor

EY Office Limited (Formerly know as Ernst & Young Office Limited)
33rd Floor, Lake Rajada Office Complex, 193/136-137,
Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand
Tel. : (662) 264-0777, (662) 661-9190
Fax : (662) 264-0789, (662) 661-9192

2. Share Registrar

Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building,
93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand
Tel. : (662) 009-9000 Fax : (662) 009-9991

Capital Structure

Registered and paid up share capital (31 December 2016)

Type of Equity	No. of Shares	Par value (Baht)	Total Value (Baht)
1. Registered Share Capital (Common share)	1,259,000,000	1	1,259,000,000
2. Paid up Capital (Common share)	1,247,381,614	1	1,247,381,614

Top 10 shareholders (as of 4 March 2016)

No.	Name	Holding	%
1	Citibank Nominees Singapore Pte Ltd-S.A. PBG Clients SG	718,158,350	57.6%
2	Thai NVDR Co.,Ltd.	105,499,408	8.5%
3	Delta Electronics Inc.	69,128,140	5.5%
4	UBS AG Singapore, Branch	53,172,220	4.3%
5	State Street Bank Europe Limited	39,668,669	3.2%
6	Chase Nominees Limited	26,331,227	2.1%
7	HSBC Bank Plc.-Clients General A/C	25,106,400	2.0%
8	Nortrust Nominees Ltd-CL AC	10,292,100	0.8%
9	State Street Bank and Trust Company	9,854,099	0.8%
10	HSBC (Singapore) Nominees Pte Ltd.	8,049,600	0.6%
11	Others	182,121,401	14.6%
Total		1,247,381,614	100.0%

Minor Shareholders

As of March 4, 2016, total number of Minor Shareholders (Free float) is 3,874, equivalent to 36.88%

Shareholding Agreement with Major Shareholders

Among major shareholders, the company does not have any shareholding agreement, which might affect its management.

Other Types of Shares

The company does not issue other types of shares, except from ordinary shares.

Dividend Policy

The company has a policy to pay dividend at least 30% of its net profits. However, the dividend payout ratio would be subject to change depending on the investment plan and/or other capital requirements the Company may have in the future.

The company's Board of Directors' Meeting No. 1/2017 held on 14 February 2017 resolved to pay dividend for the year 2016 at Baht 3.00 per share, representing a payout ratio of 67.8%. This is subject to the 2017 Annual General Meeting of Shareholders' approval. (The dividend paid in 2016 was Baht 3.10 per share, representing a payout ratio of 57.60%).

Dividend Payment of the Subsidiaries

Dividend payment of the subsidiaries would be determined based on the profitability and reinvestment opportunities of each subsidiary. In addition, the relevant laws, regulations, tax and foreign exchange control of the country where the subsidiary is located at will also be taken into consideration for greatest benefits of the Company and shareholders.

Dividend Payment in past 5 years

Year	EPS	Dividend/Share (Baht)	% Payout Ratio
2012	3.49	2.40	68.8%
2013	4.34	2.70	62.2%
2014	4.78	3.00	62.8%
2015	5.38	3.10	57.6%
2016*	4.42	3.00	67.8%

* Pending for approval from the 2017 Annual General Meeting of Shareholders on March 31, 2017 to approve the dividend distribution for the year 2016

Profiles of Board of Directors



4

7

5

1

1. Mr. Ng Kong Meng (James)
Chairman of the Board

2. Mr. Ming-Cheng Wang (Stronger)
Vice Chairman of the Board

3. Mr. Hsieh Shen-yen
Director of the Board

4. Mr. Chu Chih-yuan (Roger)
Independent Director



3

2

6

8

5. Mr. Hsieh Heng-hsien (Henry)
Director of the Board

6. Mr. Anusorn Muttaraid
Director of the Board

7. Mr. Boonsak Chiempricha
Independent Director

8. Dr. Witoon Simachokedee
Independent Director

Profiles of Board of Directors

Mr. Ng Kong Meng (James) Age : 70

1

Position	Chairman of the Board (Authorized Director) (Appointment Date : 3 May 1990)
Education	<ul style="list-style-type: none"> • M. Sc (Electronic Engineering), University of Southampton, UK • Bachelor Degree in Electrical Engineering, National Taiwan University, Taiwan
Training	<ul style="list-style-type: none"> • Director Accreditation Program (DAP) Thai Institute of Directors Association Year 2007 • Director Certification Program (DCP), Thai Institute of Directors Association, Year 2009 • Financial Statements Demystified for Directors (FDD), Thai Institute of Directors Association, Year 2009
Shareholding in the Company As of 31 Jan 17	None
Work Experience	
<u>Listed Company</u>	
1990-Present	Chairman of the Board Delta Electronics (Thailand) PCL.
2004-2008	Executive Committee Member, Delta Electronics (Thailand) PCL.
1990-2006	President, Delta Electronics (Thailand) PCL.
2000-2004	President, Delta Electronics Inc.,Taiwan
<u>Non-Listed Company</u>	
2012-Present	Director, Delta Electronics International (Singapore) Pte.,Ltd

Mr. Ming-Cheng Wang (Stronger) Age : 71

2

Position	Vice Chairman of the Board (Authorized Director) (Appointment Date : 3 May 1990)
Education	<ul style="list-style-type: none"> • EMBA course at National Taipei University of Technology • Industrial Engineering (Diploma), National Taipei Institute of Technology, Taiwan
Training	Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2015
Shareholding in the Company As of 31 Jan 17	None
Work Experience	
<u>Listed Company</u>	
1990-Present	Vice Chairman of the Board, Delta Electronics (Thailand) PCL.
2009-Jan 2014	Risk Management Committee Vice Chairman, Delta Electronics (Thailand) PCL.
1999-Jan 2014	Executive Committee Member, Delta Electronics (Thailand) PCL.
1990-Jan 2014	Vice President, Delta Electronics (Thailand) PCL.

Mr. Hsieh Shen-yen (Dick) Age : 65

Position	<ul style="list-style-type: none"> • Director of the Board (Authorized Director) (Appointment Date : 13 Aug 2013) • President • Executive Committee Chairman • Risk Management Committee Chairman • Sustainability Development Committee Chairman 	3
Education	<ul style="list-style-type: none"> • EMBA course at National Taipei University of Technology • B.A. Navigation, China Maritime College. 	
Training	Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2014	
Shareholding in the Company As of 31 Jan 17	None	
Work Experience		
<u>Listed Company</u>		
2013-Present	Director of the Board, Delta Electronics (Thailand) PCL.	
2014-Present	<ul style="list-style-type: none"> • President, Delta Electronics (Thailand) PCL. • Executive Committee Chairman/Risk Management Committee Chairman, Delta Electronics (Thailand) PCL. 	
2015-present	Sustainability Development Committee Chairman, Delta Electronics (Thailand) PCL.	
Aug 2013-Feb 2014	Executive Committee Member Delta Electronics (Thailand) PCL.	
1991-2003	Vice President Sales & Marketing, Delta Electronics (Thailand) PCL.	
<u>Non-Lsted Company</u>		
2013-Present	Director, Taiwan Powder Technologies Co.,Ltd	
2012-Present	Director, Delta Greentech (China) Co Ltd.	
2003-Present	Executive Vice President, Delta Electronics (Dongguan) Co.,Ltd.	

Mr. Chu Chih-yuan (Roger) Age : 70

Position	<ul style="list-style-type: none"> • Independent Director (Appointment Date : 30 Apr 1988 and appointment be Independent director on 27 Oct 2015) • Audit Committee Member • Nomination & Compensation Committee Member 	4
Education	<ul style="list-style-type: none"> • B.A in Economics, Chinese Culture University (Taipei), Taiwan • Executive Program of Graduate School of Business Administration, Chung Yuan Christian University, Taiwan 	
Training	Director Accreditation Program (DAP) Thai Institute of Directors Association, Year 2007	
Shareholding in the Company As of 31 Jan 17	None	
Work Experience		
<u>Listed Company</u>		
1988-Present	Director of the Board, Delta Electronics (Thailand) PCL. (appointment to Independent director on October 2015)	
Oct 2015-Present	<ul style="list-style-type: none"> • Audit Committee Member , Delta Electronics (Thailand) PCL. • Nomination & Compensation Committee Member, Delta Electronics (Thailand) PCL. 	
Jun 2016-Present	Independent director, C Sun Manufacturing Ltd.	
1986-Sep 2013	Senior Vice President and Corporate CFO, Delta Electronics, Inc. (Taiwan)	
<u>Non-Listed Company</u>		
2011-Present	Director, Digital Projection International Holding Ltd.	
2010-Aug 2016	Supervisor, Delta Electronics Capital Company	
2009-Jun 2015	Supervisor, NeoEnergy Microelectronics	
2012-Mar 2014	Supervisor, Delta Green Life Co., Ltd.	
2004-Mar 2014	<ul style="list-style-type: none"> • Director, Delta Electronics International Ltd. (Labuan) • Supervisor, Delta Electronics (Korea), Inc. 	
2002-Mar 2014	Supervisor, Delta Greentech (China) Co., Ltd.	
1998-Mar 2014	Supervisor, Addtron Technology (Japan) Co., Ltd.	
1995-Mar 2014	Director, Delta Power Sharp Ltd.	
1991-Mar 2014	Supervisor, Delta Electronics (Japan), Inc.	
2012-Mar 2013	Supervisor, Allied Material Technology Corp.	

Mr. Hsieh Heng-hsien (Henry) Age : 53

5

Position	Director of the Board (Authorized Director) (Appointment Date : 30 Mar 2006)
Education	<ul style="list-style-type: none"> • MBA, California Miramar University, USA • Electrical Engineering (Diploma), National Taipei University of Technology, Taiwan
Training	Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2006
Shareholding in the Company As of 31 Jan 17	None
Work Experience	
<u>Listed Company</u>	
2006-Present	Director of the Board, Delta Electronics (Thailand) PCL.
2009-Mar 2014	<ul style="list-style-type: none"> • Executive Committee Chairman, Delta Electronics (Thailand) PCL. • Risk Management Committee Chairman, Delta Electronics (Thailand) PCL.
2007-Mar 2014	President, Delta Electronics (Thailand) PCL.
2004-2008	Executive Committee Member, Delta Electronics (Thailand) PCL.
2003-2006	Vice President Sale & Marketing, Delta Electronics (Thailand) PCL.
<u>Non-Listed Company</u>	
2004-Mar 2014	President of Delta Energy Systems (DES) group

Mr. Anusorn Muttaraid Age : 63

6

Position	<ul style="list-style-type: none"> • Director of the Board (Authorized Director) (Appointment Date : 22 Aug 1994) • Executive Committee Member • Nomination & Compensation Committee Chairman • Risk Management Committee Member • Sustainability Development Committee Member • Human Resources & Administration/ Public Relations Director
Education	• B. Sc, Kasetsart University
Training	Director Certification Program (DCP), Thai Institute of Directors Association, Year 2004
Shareholding in the Company As of 31 Jan 17	None
Work Experience	
<u>Listed Company</u>	
1994-Present	Director of the Board, Delta Electronics (Thailand) PCL
1999-Present	Executive Committee Member, Delta Electronics (Thailand) PCL.
2015-Present	<ul style="list-style-type: none"> • Nomination & Compensation Committee Chairman, Delta Electronics (Thailand) PCL. • Sustainability Development Committee Member, Delta Electronics (Thailand) PCL.
2009-Present	Risk Management Committee Member, Delta Electronics (Thailand) PCL.
1993-Present	Human Resources & Administration/ Public Relations Director, Delta Electronics (Thailand) PCL.
2007-Oct 2015	Compensation Committee Member, Delta Electronics (Thailand) PCL.
<u>Non-Listed Company</u>	
2017-Present	Corporate Governance Committee Chairman/Chairman of the Executive Consultant/ Advisor of Information Technology Committee, The Small and Medium Enterprise Development Bank of Thailand
2015-Present	Nomination & Compensation Committee Chairman/Relation Affair Committee Chairman/ The Small and Medium Enterprise Development Bank of Thailand
2011-Present	<ul style="list-style-type: none"> • Director/Executive Director, The Small and Medium Enterprise Development Bank of Thailand • Member of sub-committee of Comprehensive Economic Partnership in East Asia (ASEAN+6), Board of Trade of Thailand
2009-Present	Chairman of Committee on Indian Affairs, Board of Trade of Thailand
2007-Present	Chairman of Thailand-India Business Council, Board of Trade of Thailand
2015-2016	Information Technology Committee Chairman, The Small and Medium Enterprise Development Bank of Thailand
2011-2015	Risk Committee Chairman, The Small and Medium Enterprise Development Bank of Thailand
2011-2014	Director of Advisory Board, Department of Trade Negotiations Ministry of Commerce

Position	<ul style="list-style-type: none"> • Independent Director (Appointment Date : 5 April 2016) • Audit Committee Chairman
Education	<ul style="list-style-type: none"> • MBA the University of Santa Clara, San Jose, CA., U.S.A. • Bachelor of Accounting Chulalongkorn University • Diploma, National Defence College, (NDC 4111) ,The Joint State - Private Sector
Training	<ul style="list-style-type: none"> • Director Certification Program (DCP), Thai Institute of Directors year 2003 • Director Accreditation Program (DAP), Thai Institute of Directors Association Year 2004 • Role of the Chairman Program (RCP), Thai Institute of Directors Association Year 2007 • Corporate Governance for Capital Market Intermediaries (CGI) Thai Institute of Directors Association Year 2014
Shareholding in the Company As of 31 Jan 17	13,000 shares (0.001% of paid up capital)
Work Experience	
<u>Listed Company</u>	
2016-Present	Independent Director/ Audit Committee Chairman, Delta Electronics (Thailand) PCL.
2010-Present	<ul style="list-style-type: none"> • Independent Director/Audit Committee Member/Risk Management Committee Chairman, President Bakery PCL • Chairman of the board, GE Capital PCL. • Chairman of the board /Executive Chairman, Indara Insurance PCL.
<u>Non-Listed Company</u>	
2015-Present	Expert, Election Commission of Thailand Independent Entity
2014-Present	Commission, Court of Judicial Service Government Sector
2013-Present	Financial Director, The Thai Bar Under the Royal Patronage Government Sector
2012-Present	<ul style="list-style-type: none"> • Director/ Audit Committee Member, CIMB-Principal Asset Management Company • Honorary Council Member and Audit Committee Chairman, Mahasarakham University Council Committee

Position	<ul style="list-style-type: none"> • Independent Director (Appointment Date : 30 Mar 2015) • Audit Committee Member • Nomination & Compensation Committee Chairman
Education	<ul style="list-style-type: none"> • Honorary Doctorate of Engineering, Safety Engineering, Kasetsart University • Doctor of Philosophy Public Administration (Management of public and private sector), Ramkhamhaeng University • Honorary Doctorate of Science. Safety Technology Occupational Health, Rajabhat Suan Sunanta University • Master's degree of Business Administration, Faculty of Commerce and Accountancy, Thammasat University • Bachelor of Laws degree, Thammasat University • Bachelor of Engineering (The Electrical Engineering), Kasetsart University
Training	<ul style="list-style-type: none"> • Director Certification Program (DCP), Thai Institute of Directors year 2009 • Financial Statements for Directors (FSD), Thai Institute of Directors year 2009
Shareholding in the Company As of 31 Jan 17	None
Work Experience	
<u>Listed Company</u>	
2015-Present	Independent Director/Audit Committee Member/Nomination & Compensation Committee Chairman, Delta Electronics (Thailand) PCL
2011	Directors, PTT Exploration and Production PCL
2008	<ul style="list-style-type: none"> • Chairman of the board, Ratchaburi Electricity Generating Holding PCL • Director of PTT Chemical PCL • Director of PTT Aromatics and Refining PCL.
<u>Non-Listed Company</u>	
2013-Present	President of Foundation for Business and Industrial Development
2014	Acting Industry Minister, Ministry of Industry
2009-2014	Permanent Secretary, Ministry of Industry
2011	<ul style="list-style-type: none"> • Chairman of the board, Industrial Estate Authority of Thailand • Directors, Small and Medium Enterprise Development Bank of Thailand
2009	<ul style="list-style-type: none"> • Director, General of Department of Industrial Works • Deputy Permanent Secretary, Ministry of Industry
2008	<ul style="list-style-type: none"> • Director, General of Department of Primary Industries and Mines • Board of directors, Electricity Generating Authority of Thailand

Profiles of Management Team

Mr. Hsieh Shen-yen (Dick) Age : 65

- President
(For further details, please refer to his profile in the Board of Director)

Mr. Anusorn Muttaraid Age : 63

- Human Resources & Administration/ Public Relations Director
(For further details, please refer to his profile in the Board of Director)

Mr. Vichai Saksuriya Age : 55

- Operations Vice President

Education

- EMBA, National Taiwan University of Technology, Taiwan
- B.E. Electrical Engineering, National Taipei Institute of Technology, Taiwan
- Director Accreditation Program (DAP) Thai Institute of Directors Association Year 2014

Shareholding in the Company As of 31 Jan 17

- None

Work Experience

Listed Company

Present

- Operations Vice President (2011-present)
- Sustainability Development Committee Member (2015-present) Delta Electronics (Thailand) PCL

2010-2011

- Sr. Operation Director, Delta Electronics (Thailand) PCL.

2008-2010

- Operation Director PSBG, Delta Electronics (Thailand) PCL.

Mrs. Aruwan Sangrungarun Age : 54

- Chief Financial Officer (CFO)

Education

- B.A (Accounting), Ramkhamhaeng University

Shareholding in the Company As of 31 Jan 17

- 1,000 shares (0.00008% of paid up capital)

Work Experience

Listed Company

Present

- Chief Financial Officer (CFO) (Feb 2016-present)
- Sustainability Development Committee Member (2016-present) Delta Electronics (Thailand) PCL
- Accounting Director (2013-present) Delta Electronics (Thailand) PCL

1999-2013

- Accounting Manager, Delta Electronics (Thailand) PCL.

Mr. Chen Chin-ming Age : 47

- Chief Information Officer (CIO)

Education

- EMBA, National Taipei University of Technology, Taiwan
- EMBA of Information Management, National Taiwan University of Science and Technology
- Industrial Management, National United University

Shareholding in the Company As of 31 Jan 17

- None

Work Experience

Listed Company

Present

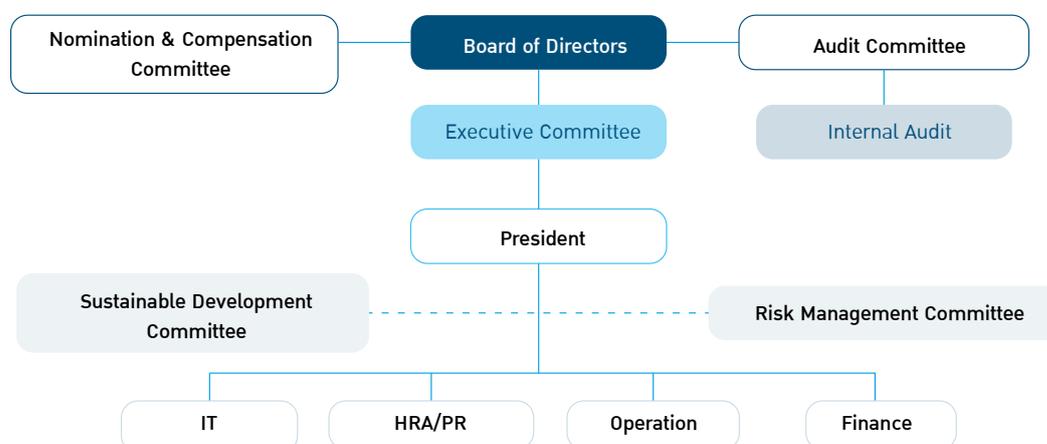
- Chief Information Officer (CIO) (Nov 2011-present), Delta Electronics (Thailand) PCL.

1999-Aug 2011

- Business IT, Delta Electronics, Inc.(Taiwan)

Managerial Structure

The company's managerial structure as of 31 December 2016



Board of Directors

The company's Board of Directors is now composed of 8 members, 2 executive directors, 6 non-executive directors. As reported in the Ministry of Commerce's certification dated January 16, 2017, list of the members of the Board of Director is shown below.

Name	Position	Appointment Date	Attendance Meeting
1. Mr. Ng Kong Meng	Chairman of the Board	3 May 1990	5/5
2. Mr. Ming-Cheng Wang	Vice Chairman	3 May 1990	5/5
3. Mr. Hsieh Shen-yen**	Director and President	13 Aug 2013	5/5
4. Mr. Hsieh Heng-hsien	Director	30 Mar 2006	5/5
5. Mr. Anusorn Muttaraid**	Director	22 Aug 1994	5/5
6. Mr. Chu Chih-yuan	Independent Director	30 Apr 1988	5/5
7. Mr. Boonsak Chiempricha*	Independent Director	5 Apr 2016	4/4
8. Dr. Wifoon Simachokedee	Independent Director	30 Mar 2015	4/5

Ms. Wilailak Fungthanakun is Company Secretary and Secretary to the Board of Directors

* Having been appointed by the 2016 AGM held on April 5, 2016

** Executive director

Authorized Directors

The following 5 directors are authorized to act on behalf of the company under following conditions, "Mr. Ng Kong Meng or Mr. Ming-Cheng Wang or Mr. Anusorn Muttaraid, either one of these directors jointly sign with Mr. Hsieh Heng-hsien or Mr. Hsieh Shen-yen to be two directors and affixes the company seal."

Scope of Responsibilities of the Board of Directors

1. To manage the business of the company faithfully and prudently and comply with the laws and the company's objectives, Articles of Association as well as the resolution of the shareholders' meeting, for the benefits of the company.
2. To determine the vision, mission or business strategies of the company and reviewed every year
3. To determine/approve policies, business plan and budget of the Company, and to supervise the administration and management including monitor the implementation. Follow up the operation result performed by the Executive Management and reported to the Board of Directors regularly in order to ensure that it is in line with the policies, plan and budget.
4. To review the company's internal control systems and risk management to be correctly and efficiently conducted.
5. To ensure that the company complies with the Securities and Exchange Act and other securities and exchange laws e.g. SEC rules and regulations and the SET regulations, for instance, regulations concerning the entry into connected transactions and regulations concerning the substantial acquisition of assets, including any law governing the company's business.
6. To arrange for the preparation and submission of the audited balance sheet and profit and loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval.
7. To monitor on the adequacy and timely of the company's disclosure of information.
8. To authorise any other person to perform any action on behalf of the Board of Directors under the supervision of the Board of Directors, or granting the power-of-attorney to such person to perform any action as the Board of Directors may think fit; provided, however, that the Board of Directors has the sole discretion to revoke or modify such power-of-attorney as the Board of Directors may think fit.

For this purpose, no authorization will be enable the grantee under the power-of-attorney to consider and approve the transaction which may cause a conflict of interest between himself or any related person or interested person as the one party and the company as the other party, unless it is granted following the approved policies and criteria previously set out by the Board of Directors.

Responsibilities of the Chairman of the Board

1. To be the leader in policy establishment to oversee the operation performed by the executive committee in order to ensure the achievement as planned
2. To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting.
3. To have a casting vote in case the Board of Directors' meeting has a tie vote.
4. Perform the duty specified by law as the duty to be performed by the Chairman

Management Team

The management team of the company consists of 5 members as follows:

Name	Position
1. Mr. Hsieh Shen-yen	President
2. Mr. Anusorn Muttaraid	Human Resources & Administration / Public Relations Director
3. Mr. Vichai Saksuriya	Operation Vice President
4. Mrs. Aruwan Sangrungrun	Chief Financial Officer
5. Mr. Chen Chin-ming	Chief Information Officer

Scope of Responsibilities of the President

1. To manage, control and responsible for the operation of the company in accordance with the directions set out in the company's budget as approved by the board of directors and/or the executive committee of the company including taking care, advising and improving the operation continuously.
2. To propose policies, strategy of the company and of the business unit of the company to the Board of Directors for acknowledgement and approval and to be responsible for applying such strategy with its operation.
3. To be jointly responsible with the executive committee for preparation of the annual budget and the operational plan of the company, reviewing the annual budget quarterly and proposing the amended budget to the Board of Directors.
4. To report the operational result to the Board of Directors quarterly.
5. To have the authorization to approve the payment in accordance with the Approval Authorization Instruction of the company, which had already been copied to all directors for consideration. However, with respect to the matters other than the normal course of business, the president shall have the authorization to approve such payment only upon receipt of the Board's approval
6. Undertakes its duties and responsibilities to ensure that systems are established, supports are provided and supervision of good corporate governance and anti-corruption is carries out to ensure that all employees and concerned parties' practices are fully in compliance with policy. Also include reviews on suitability of the systems and measures to accommodate changes in business, regulations and Law requirements.
7. To be eligible in appointing and managing any working groups or any persons for benefit of the company and efficient management, transparency, or empowering to any person or assigning any person to do any specific tasks in such authorization complies must be within the scope of the power-of-attorney and/or regulations, notifications or orders as determined or approved by the Board of Directors and/or the company.

For this purpose, no authorization will be enable the president to approve the transaction which may cause a conflict of interest between himself/his assignee and any related person (as defined in the SEC Notification) as the one party and the company or its subsidiary as the other party, unless it is granted in accordance with the company's normal course of business as clearly identified.

8. To do any acts as assigned by the Board of Directors.

Company Secretary

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

Remuneration of Director and Management

The Nomination & Compensation Committee will determine remuneration of directors, sub-committee members, the President and the Management, and propose to seek approval from the Board of Directors. For compensation of the Board of Director and sub-committee, it requires approval from the shareholders' meeting. Follows are some key guidelines:

1. Policy and Guidelines for Director and Sub-Committee Remuneration
 - 1.1 Remuneration package must be reasonable in order to attract and retain competence director. Major factors to determine director remuneration include
 - Scope of works and responsibilities
 - Current market rate
 - The Company's overall performances
 - Others specified by the compensation committee or the Board
 - 1.2 Chairman of the Board and chairman of Sub-committees would receive higher remuneration in accordance with their responsibilities
 - 1.3 Non-executive director would receive a competitive remuneration which would be higher than that of executive director. This is to attract the knowledgeable and capable person to be non-executive director or independent director
 - 1.4 Remuneration may be entirely fixed or partially fixed with some variable amount such as meeting allowance or other incentives
2. Policy and Guidelines for the top executives Remuneration
 - 2.1 The nomination & compensation committee is assigned to determine the compensation principle and structure for the President and the Executive level (11 and up) in accordance with the policies given by the board of directors and to be in line with the company's operating result and individual performances.
 - 2.2 Remuneration package must be reasonable in order to attract, retain, and motivate the executive to work at their best.
 - 2.3 The nomination & compensation committee must define Key Performance Indicators (KPI) to help assess performance of the executives and propose to the Board for approval before end of each fiscal year.
 - 2.4 Compensation including annual salary increment, bonus and other compensation (if any) of the management is to be considered by the president based on each individual KPI achievement.
 - 2.5 Consideration to adjust remuneration or annual salary will depend upon KPI achievement and other accomplishments. Determination of remuneration should take into account the current market rate. Market survey or advice from human resource professional may be used in consideration and at the expense of the Company.

Remunerations of Directors and Management in 2016 are listed as follows;

1. Remuneration
 - 1.1 Remuneration of Directors

The Annual General Meeting of shareholders approved the remuneration of the directors for the year 2016 with details shown below;

(Unit: Baht)	Annual Remuneration	Attendance Fee
Chairman of the Board	1,650,000	10,000
Non-Executive Director	1,150,000	10,000
Executive Director	500,000	-
Independent Director/AC Chairman	1,250,000	10,000
Independent Director/NCC Chairman	1,250,000	10,000
Independent Director/Audit Committee	1,150,000	10,000

- Remark :
1. Meeting attendance fee are for Chairman of the Board and Independent Director for their participation in every committee meeting and Shareholders' meeting
 2. Other remuneration : None

The Remuneration of the Directors for the year 2016 as follow:

Name of Director	Remuneration ¹⁾		Meeting fee		Other		Total Amount	
	2016	2015	2016	2015	2016	2015	2016	2015
Unit : Baht								
Mr. Ng Kong Meng	1,650,000	1,650,000	60,000	60,000	-	-	1,710,000	1,710,000
Mr. Ming-Cheng Wang	1,150,000	1,150,000	60,000	50,000	-	-	1,210,000	1,200,000
Mr. Hsieh Shen-yen	500,000	500,000	-	-	-	-	500,000	500,000
Mr. Hsieh Heng-hsien	1,150,000	1,150,000	60,000	60,000	-	-	1,210,000	1,210,000
Mr. Anusorn Muttaraid	500,000	500,000	-	-	-	-	500,000	500,000
Mr. Chu Chih-yuan	1,150,000	1,150,000	120,000	60,000	-	-	1,270,000	1,210,000
Mr. Boonsak Chiempricha	1,250,000	-	90,000	-	-	-	1,340,000	-
Dr. Witoon Simachokedee	1,250,000	1,250,000	110,000	90,000	-	-	1,360,000	1,340,000
Emeritus Prof.Supapun Ruttanaporn ²⁾	-	1,250,000	10,000	110,000	-	-	10,000	1,360,000
Prof. Lee Ji-ren ³⁾	-	1,150,000	30,000	90,000	-	-	30,000	1,240,000
Total	8,600,000	9,750,000	540,000	520,000	-	-	9,140,000	10,270,000

Remarks: 1.The company has no other remuneration such as bonuses, pension and other benefits

2. Completion of the office term on 5 April 2016

3. Resignation from the Board of Director on 26 April 2016

1.2 Remuneration of the Management

Remuneration of the 5 members of the management team including salary and bonus in 2016 amounted to 46,284,931 baht as compared to that of last year (2015) of 42,761,870 baht.

2. Other remuneration

- None -

Share/Warrant Holdings of Directors

Name of Director	Holding DELTA (Shares)					
	Self			Spouse & Minor child		
	31 Jan 17	31 Jan 16	Inc (Dec)	31 Jan 17	31 Jan 16	Inc (Dec)
Mr. Ng Kong Meng	-	-	-	-	-	-
Mr. Ming-Cheng Wang	-	-	-	-	-	-
Mr. Hsieh Shen-yen	-	-	-	-	-	-
Mr. Hsieh Heng-hsien	-	-	-	-	-	-
Mr. Chu Chih-yuan	-	-	-	-	-	-
Mr. Anusorn Muttaraid	-	-	-	-	-	-
Mr. Boonsak Chiempricha	13,000	13,000	-	-	-	-
Dr. Witoon Simachokedee	-	-	-	-	-	-
Mr. Vichai Saksuriya	-	-	-	-	-	-
Mrs. Aruwan Sangrungsaran	1,000	1,000	-	5,000	5,000	-
Mr. Chen Chin-ming	-	-	-	-	-	-

Human Resource

In 2016, the company and its subsidiaries had a total number of employees of 12,800 and the total remuneration including salary, bonus and provident fund paid to employees was Baht 8,034 million. In Thailand, there were 10,377 employees with Baht 4,429 million paid for remuneration including salary, bonus and provident fund. Employees in Thailand are divided as follows.

1. Production	No. of Employees (31 Dec 16)
• EPSBG Product Group	4,549
• MPBG Product Group	1,523
• FMBG Product Group	3,240
• PSBG Product Group	223
2. Administration and others	842
Total	10,377

Human Resource Development

The company committed and gave priority to develop its personnel in terms of both education and quality. There was cooperative program with various educational institutions to enhance employees' knowledge continuously.

- Educational Support Project
 - Program to improve potential of employees, in particular on language to enhance knowledge and skill on language communication for daily life to employees.
 - Annual scholarships to employees and their children who have outstanding academic performance

- Human Resource Development

The company has policy to provide training courses for both new-comers exist employees with clear written scheme of each training course. These training courses aim to continuously develop employees' performance in the view of their efficiency as well as quality. In 2016, the company's training courses hours can be projected as followings:

- Consolidated training hours 33,513 hours had scheduled for 1,901 staff; average 17.63 hours/ person
- Consolidated training hours 73,378 hours had scheduled for 8,318 operators; average 8.82 hours/ person

Corporate Governance

The Board of Directors realized the importance of operating its business under good corporate governance. The corporate governance policy has been prepared and implemented since 2007. Regarding to the Board of Director Meeting no. 5/2015 dated 26 October 2015, the Board of Directors resolved to approve the 4th revision of the corporate governance policy, for further details of the company's Corporate Governance Policies can be read from the company's website: http://www.deltathailand.com/about_corp.php for public access as well as internally on intranet for employee's access.

The commitment and strict compliance to the good corporate governance makes the company has been evaluated and awards in 2016 as follows;

- "Excellent" on the 2016 Corporate Governance Rating Survey (CGR) conducted by Thai Institute of Directors Association (IOD)
- "Excellent" for the standard of annual general meeting (AGM Assessment) conducted in the year 2016 with full score of 100 from the Thai Investors Association for three consecutive years.
- Thailand Sustainability Investment (THSI) 2016 from The Stock Exchange of Thailand for the second year.
- ESG100 for 2016, rating by Thaipat Institute for the second year.

The implementation on the good corporate governance policy during the year 2016 can be summarized as follows.

o Rights of Shareholders

The company realizes and emphasizes the shareholders' rights with a policy to support, promote, and facilitate every shareholder including institutional investors to ensure that shareholders are entitled to all basic legal rights and obtain adequate business information including the updated important information via the SET and company's website. In addition, all shareholders as well as institutional shareholders have been continuously encouraged to participate and vote in the shareholders meeting for material matters that may affect their rights and interests etc. The company shall not obstruct or cause obstacle to communication opportunities among shareholders or when a shareholders agreement is to be executed by any shareholders, the company shall endeavor to ensure that such shareholders agreement will not materially affect the company or other shareholders.

The company generally holds an annual general meeting of shareholders (AGM) once a year within four months after each fiscal year end. In 2016, the AGM was held on April 5, 2016 at the company's office located at Bangpoo Industrial Estate, Samutprakarn province and meeting was conducted in accordance with the good governance principles. There was no extraordinary general shareholders' meeting held during the year.

- **Prior to the Meeting**

Record date was used to justify the shareholders who entitled to attend the meeting. The company entrusted Thailand Securities Depository Co., Ltd. (TSD) who acted as registrar to send out invitation for the meeting in both Thai and English together with other supporting information and documents to all shareholders on March 10, 2016, 21 days prior to the AGM date. At the same time, it announced the call for the AGM meeting on a Thai daily newspaper for three consecutive days and at least three days before the meeting date. All those documents were also made available to the shareholders on the company's website for 30 days in advance (Since March 4,2016). All information made available for easy access by shareholders was to provide adequate time for them to review the agenda. The meeting invitation had expressly indicated the matters to be tabled at the meeting, whether for acknowledgement, approval or consideration. In addition, it enclosed the Board's opinions and supported document to ensure that shareholders had sufficient information to consider all issues. To be well prepared for the meeting day, the company provided a list of necessary evidences must be presented to identify themselves and a proxy form (as outlined by the Ministry of Commerce) to facilitate the shareholders who cannot attend the meeting and wish to give proxy to Independent director and others.

In addition, the company always inform and invite institutional investor to join the the meeting as well as facilitate them by arranging proxy and related documents collection when they can't participate the meeting.

- **On the Meeting Date**

The company provided shuttle services at The Stock Exchange of Thailand building for shareholders who wished to attend the Meeting. On meeting date, attendance registration commenced not less than 1 hour before the meeting started. Shareholders who came late were allowed to vote for the remaining agenda and shall constitute part of the quorum starting from the agenda item for which they are in attendance and can exercise their voting rights unless the Meeting states otherwise. Barcode system had been employed to facilitate the attendance registration and vote count. Duty stamps were available to shareholders without charges.

In the meeting, there were 8 directors out of 8 attended the meeting. Directors who retired by rotation and is not intended to serve as a director of the company was not attendance. The Chairman of the Board, Chairman of Audit committees, the President and other key management members such as Chief Financial Officer (CFO) and the external auditor were presented in order to listen to the shareholders' opinions or suggestions and also answered any questions they might have similar to what were done in prior year. The company had implemented its registration and vote count systems which could demonstrate the result of the vote count immediately. Before the meeting started, the company notified number of shareholders who attended the meeting in person and proxy, and clarified voting procedure and vote count method. With regard to the voting criteria, each share is eligible for one vote and an ordinary resolution requires the majority votes (except the voting on a special resolution, the meeting must comply with the Company's Articles of Association and/or relevant laws). Votes are not allowed to shareholders who have interests related to any particular agenda. For the election of directors, individual votes are required. At the time of voting, in order to expedite the process, only the ballots voted for objections and abstentions were collected and deducted from total votes which attended the meeting and eligible to vote. In regard to the agenda on compensation to directors, the company notified shareholders for their consideration, the amount that each director received in form of remuneration and meeting allowances.

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There was no any objection or request for re-inspection from shareholders on such arrangement. The meeting proceeded according to the agenda and had no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A representative from, the Capital Law Office Limited, was appointed to help inspect the vote count. During the meeting, shareholders were allowed to voice their opinions and raise questions in appropriate time. In fact, shareholders may submit their questions by e-mail to info@deltathailand.com, mail or fax to the Company before the meeting date. This year, the company had disseminated the invitation to shareholders to send their questions or opinions on the company's website since 18 October - 31 December 2016. Generally, the company secretary will review and gather the questions before submitting to the Board of Director for their consideration. However, in the meeting, the Board will principally attend the questions that related to the company's operations or considered to create material impact on the operating results. There was no question proposed in 2017 Annual General Meeting.

- **After the Meeting Date**

Minutes of meeting recorded in writing every resolution, showing the number of approval, objection and abstention votes for each agenda. Questions, response, and opinions arose during the meeting were documented in order to examine afterwards. Report of the meeting had been disclosed on the website of the SET as well as and the company's within 14 days after the meeting date (Please find further details in the 2016 Minutes of Annual General Meeting posted on the company's website)

◦ Equitable Treatment to Shareholders

Considering that all shareholders should enjoy their basic rights equally, the company has a encouraging the equitable treatment of shareholders as follows:

Appoint a Proxy to Attend and Vote at the Meeting

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

Proposing Additional Agenda and Nominate the Directors

In addition, the company opened for the shareholders to propose additional agenda and to nominate candidate to be director of the company in advance. Procedures and details were disclosed on the company's website http://www.deltathailand.com/ir_share.php during 15 October - 31 December 2015. Generally, the company secretary will review and gather the additional agenda and director nomination before submitting to the Board of Director for their consideration, but none had exercised the rights. For 2017 annual general meeting of shareholders, the company also provided this opportunity to shareholders during the period of 18 October - 31 December 2016.

Insider Information Policy

Under the company's policy, the inside information is restricted to the executives from the middle to the top levels. All employees are prohibited from taking the company's document or information for personal use, or bring outside the company. Use of inside information without permission or lead to any damage is deemed serious wrongful conduct for the equitable treatment protection of shareholders from gaining advantage by concerned. The policy and prohibition of usage of inside information for securities trading is formally written in the company's Code of Conduct Guideline to urge employee's awareness. This also includes prohibits the trading activity by director within 1 month prior to public announcement of the company's operation result through the SET.

Moreover, The company has policy that its directors and executives must disclose the information on the securities holding by themselves (including their spouses and minor children) to the Office of the Securities and Exchange Commission (the Office of the SEC) within 3 days after the change of ownership of Securities taken place and inform the company's secretary to report the Board of Directors accordingly.

In 2016, no offense of directors, management and employees concerned about insider information.

Prevention on Conflict of Interest

In general practice, decision making of the directors and executives must come out in a way to enrich the company's ultimate benefit. In case of having conflict of interest, the directors or the executives shall submit the issue to the Board or the shareholders' meeting for their consideration on necessity to execute such transaction and potential impact on the company if the matter is approved. At the time of voting on the issue, the person who has conflict of interest is not allowed to vote. According to the recent Securities and Exchange Act, the directors and executives of the company have filed their and their related persons' report on their interest with the Company with an extra copy to the Chairman and Audit Committee Chairperson of the company through the company's secretary. And such reports are required to update annually and submit to the company. In addition, the company also deals with related party transaction as regulated by the Capital Market Supervisory Board and also disclosed inter-transaction with its affiliates in the company's financial statements and in the annual information disclosure form (Form 56-1).

Major Related Party Transactions

The Board of Directors' meeting No. 1/2017 held on February 14, 2017 approved Delta Greentech (Netherland) B.V. ("DGN BV"), the subsidiary that the company indirectly holds 100 percent of its paid-up capital to dispose of the investment in the subsidiaries to Delta Electronic (Netherlands) BV ("DEN"), the subsidiary of Delta Electronic Inc. which is one of the major shareholders of the company at total value of USD 24.85 million (equivalent to Baht 874.26 million). The disposed subsidiaries are listed out as follows:

1. 10,200 ordinary shares of Delta Energy Systems (Switzerland) AG, equivalent to 51 percent of the total issued shares; and
2. 15,708 ordinary shares of Delta Greentech Electronics Industry LLC, equivalent to 51 percent of the total issued shares; and
3. 1,500,000 ordinary shares of Delta Greentech (USA) Corporation, equivalent to 100 percent of the total issued shares; and
4. 4,315,657 ordinary shares of Delta Greentech (Brasil) S.A., equivalent to 100 percent of the total issued shares.

DEN sold the equity right in 100% paid up capital of Eltek, s.r.o. to DGN BV as part of the payment.

The Board of Directors has considered that the transaction of the above 4 subsidiaries companies would be able to help strengthen the company's current core business and also develop new promising businesses to serve the future market demands. In addition, the disposed and acquired shares are based on the indicative range of fair market value assessed by the independent party and also the management's long term business view.

The Board is of the opinion that the transactions of the above subsidiaries companies at the proposed price, payment terms and conditions are fair and reasonable.

o Role of Stakeholders

The company has contributed extensively to the rights of all stakeholder groups such as shareholders, customers, employees, business partners, competitor, creditors and society in accordance with laws or agreements with the company. The company opened various passages to accept suggestions or complaints from all stakeholders. The company also has other guidelines to treat each specific stakeholder groups as follows;

Shareholders:

The company aims to bring a long-term sustainable growth to its business, thereby enhancing the company's value and ultimately providing favorable returns to its shareholders and paid dividend consistently at a satisfactory rate. In fact, from 2010 to 2016, dividend payout ratio averages over 50% of net profits annum.

Customers:

The company has policy to its mission to provide products, services and solutions under short to long term contracts to fulfill customer's requirements. In addition, the company has policy to produce quality product in accordance with international standards to gain customer's confidence and satisfaction. The company has established a Customer Satisfaction Procedure survey and the Customer Feedback Process. The results have been developed Improvement and satisfaction to our customers in the long term.

Employees:

The company deems human resource its greatest asset. Competitive compensation and equal career opportunities are provided on the basis of their aptitude and capability. In addition, all the employee have their rights to join any assembly or social group (G4-11). Domestic and international trainings are organized regularly to enhance their skills. The relevant policies have been determined as follows.

- The Policy of Working Safety, Health, Hygiene & Environment
- The Policy of Labor Relations
- The Policy of Employee's Remuneration
- The Policy of Human Resources Management
- The Policy of Activities Misconduct, Harassment and Unfair Treatment

(The detail of the policies above, please see the Corporate Governance policy from the Company's website: www.deltathailand.com/about_corp.php)

Business Partners:

The company will respect the rights and treat business partner equally and fairly and perform according to the agreement or conditions as agreed.

The company has arranged 2016 Delta Annual Partner Meeting & Partner Award to encourage our vendor for improving quality and keep the standard of the services and products which the company has policy to arrange this meeting in every year.

Competitor:

The company has a policy of promoting free competition under the fair rules which is also respected on professional basis under the rules of sound competition defined in Company's Code of Conduct which complies with Electronics Industry Code of Conduct (EICC). The company also included the Policy of Antitrust Law and Competition Law Policy in the Corporate Governance policy as guidelines for executives and employees.

Creditors:

The company will strictly comply with the agreements and agreed conditions. In the case of non-compliance with any of the conditions, it shall inform the creditors promptly in order to jointly solve the problems by applying reasonable principles. The company will keep conducting business with efficiency and effectiveness as to maintain the sustainable growth and financial stability for gaining creditor's confidence. During the past year, the company and its subsidiaries have a good relationship with financial institutions in fully comply with borrowing obligation both in terms of debt repayment and other agreeable conditions.

Society and Environment:

The company is committed to conducting business according to the company's Corporate Social Responsibility Policy. The policy shall provide guidelines for the directors, management and employees to operate our business ethically with transparency, accountability, and respect for human rights and fair treatment to all stakeholders.

As a global corporate citizen, we support international standards such as the Electronic Industry Code of Conduct (EICC), the Universal Declaration of Human Rights, the International Labor Office Tripartite Declaration of Principles and Global Reporting Initiative (GRI).

For the activities with stakeholders, please find in the section of CSR report

Whistle Blowing and Complaints

The company has policy to support and encourage employees and stakeholders to make complaints on misconduct. By the policy, they can provide clues concerning the wrongful acts including any unlawful activity, any behavior against the rules and Code of Conduct of the company to the management or Board of Directors. This is to ensure the company's transparent and efficient operations of the company. The company has established the following communication channels to allow all stakeholders to provide their feedback or file complaints concerning this issue.

- Communication channel for Delta employees
 - (1) Head of the unit the employee belongs to.
 - (2) Head of audit department, head of human resources department or head of legal.
 - (3) Local external opinion box.
 - (4) Email: whistleblow@deltathailand.com

- Communication channel for other stakeholders
 - (1) Opinion Box (PO Box 50, Bangpoo, Samutprakarn 10280);
 - (2) Email: whistle@deltathailand.com
 - (3) Website: www.deltathailand.com

The Board's secretary will gather and submit the complaints to the executive committee or the audit committee or the Board, depending on the relevance of the complaints

The details of the concerns and issue will be kept confidential in order to avoid an infringement of privacy.

Action Against Corruption

The Board of Directors Meeting approved the adoption of the Anti-Corruption Policy in order to rule out principles, set practice guidance, arrange communication and provide training in the area of anti-corruption to make clear to all employees and signed on the declaration of intent in establishing Thailand's Private Sector Collective Action Coalition against Corruption. On May 2014, shown on the 315 rank of ratification sign-up is the signature of the President who represents the company in affirming intention to combat all kinds of corruptions and open all stakeholders can suggestions and complains to the company via whistleblow@deltathailand.com

The company initiated agreement between the purchasing department and suppliers (The Procurement and Supplier Covenants) since 2001 in order to build a healthy procurement system and avoid the negative influence of human factors on normal business. It is the acknowledgement of both parties to do business with integrity and free from bribery or any returns. During Delta Annual Partner Meeting & Partner Award 2016, the company arranged the topic of anti-corruption to educate suppliers about anti-corruption policies and intention against corruption. This year the company also seeks for cooperation from suppliers not to send any gift/gratuity to the company management, employee or their family member during New Years and other festive occasions.

◦ Disclosure and Transparency

The company has the policy to disclose data and information accurately, adequately and timely so as to allow stakeholders to know about operating performance, financial position, key developments and information such as financial statements, annual report and disclosure Form 56-1, in both Thai and English language. Such information is available on websites of relevant authorities such as the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as well as on the company's website www.deltathailand.com. Interest persons may telephone or email to request for more information at info@deltathailand.com. The company also has investor relations unit to provide information to shareholders, investors, securities analysts, and others and they can be reached at investor@deltathailand.com.

Since 2009, with support from SET, the company organized press conference quarterly to announce and explain each quarter's consolidated financial data, business performance and future plans to securities analysts, reporters and general investors and for those people to meet with its top management in a bid to nurture confidence of all stakeholders. Analyst meetings are arranged in every quarter. In addition, private meetings upon investors requests were also arranged by Investor Relations department to establish good understanding about the company's operation and its business strategies. In 2016, The company had arranged the factory visit for both local and oversea institutional investors to Bangpoo factory in Samutprakarn and Wellgrow factory in Chachoengsao to understand the process of the company totally 9 times and roadshow 6 times

IR manager represents our management in regional conferences several times a year to provide updated information on the company's operation and business outlook.

◦ Responsibilities of the Board

Structure of the Board

The Board of Directors comprises eight directors; two of whom are executive directors and the other six are non-executive director which three of independent directors are included, which over one-third of the Board. Qualifications of independent director have been set to meet the criteria ruled by the SEC. Currently, Chairman of the Board and the President are held by two individuals with clearly separated responsibilities. Roles and responsibility of the Board and management are also distinctively defined so as to ensure management transparency. (Please find details of the Board members and scope of duties in the section of Managerial Structure).

Director's Term of Office

At the annual general meeting of shareholders, one-third of the directors or close to one-third must vacate from the office. A director who vacates from office by rotation is eligible for re-election. The meeting of shareholders may pass a resolution to remove any director prior to retirement by rotation by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting and having the right to vote and having shares in aggregation not less than a half of the number of shares held by shareholders attending the meeting and having the voting rights and limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms.

The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, merger and acquisition, corporate spin-off, and joint venture deals.

Sub-Committee

The Board of Directors appointed sub-committees to help study, scrutinize, and to give opinion on various matters. At present, there are five sub-committees under the Board of Directors totally 3 committees including Executive Committee, Audit Committee, Nomination & Compensation Committee and under the President 2 Committees including Risk Management Committee and Sustainable Development Committee with details as described below.

Executive Committee

The Executive Committee of the company consists of 5 members as follows;

Name	Position
1. Mr. Hsieh Shen-yen	Executive Committee Chairman
2. Mr. Anusorn Muttaraid	Executive Committee Member
3. Mr. Vichai Saksuriya	Executive Committee Member
4. Mr. Sim Kuik Keong	Executive Committee Member
5. Mr. Chung Chia-long	Executive Committee Member

Scope of Responsibilities of Executive Committee

1. To operate and manage the business of the company in compliance with company's objectives, Memorandum of Association, policies, regulations, notifications, orders as well as the resolution of the Board of Directors and/or shareholders' meeting.
2. To establish policies, business plan, directions, strategies, budget and the main organization structure and authority of each department within the company including the organization chart in order to propose to the Board of Directors for its consideration and approval as well as to monitor and follow up the result of the operation of the company to be in accordance with the policies.
3. To be eligible to do the following transactions with banks and to report these transactions to the Board of Directors in the following Board meeting after execution of those transactions.
 - (a) Open or close bank accounts,
 - (b) Enter into any contract which is in the company's normal course of business and/or any other transactions with banks or other financial institution for a total combined amount of not exceeding USD 50 million or equivalent in any other currencies per bank, in case there is a need to use any assets of the company as collateral to support the banking facilities, approval of the Board of Director must be obtained,
 - (c) Issue corporate guarantee to support banking facilities granted to Subsidiaries for a total amount of not exceeding USD 50 million or equivalent in any other currencies per company.
 - (d) Renew banking facilities without any limit.
4. To be eligible to approve the investment in subsidiary companies for the amount of not exceeding USD 5 million or equivalent in any other currencies per company per project and in the aggregate amount, after combining all investments, of not more than USD 20 million or equivalent in any other currencies within a calendar year. Such investment transactions are required to report to the Board of Directors in the following Board meeting
5. To be eligible to appoint, promote, transfer or discharge directors and/or executives of the subsidiary companies.
6. To authorize any one or more persons to perform any action under the supervision of the Executive Committee, or granting the power-of-attorney to such person (s) to perform any action within the specified time as the executive committee may think fit; provided, however, that the executive committee has the sole discretion to revoke or modify such designated person or power-of-attorney as the executive committee may think fit.

For this purpose, no authorization will be enable a member of the executive committee under the power-of-attorney and/or his sub power-of-attorney to approve the transaction which may cause a conflict of interest between such attorney or any related person (as defined in the SEC Notification) as the one party and the company or its subsidiary as the other party, unless it is granted in accordance with the company's normal course of business as clearly identified.

7. To perform any other duties assigned by the Board of Directors.

Audit Committee

The Audit Committee of the company consists of 3 members and all the members are independent directors. Term of office shall follow the annual director election and qualifications and responsibilities of the Committee as prescribed by the SET. List of the members of the audit committee is shown below.

Name	Position
1. Mr. Boonsak Chiempricha*	Audit Committee Chairperson
2. Mr. Chu Chih-yuan*	Audit Committee member
3. Dr. Witoon Simachokedee	Audit Committee member

Remark: * being a director who is knowledgeable and experienced in reviewing company's financial statements

Qualifications of Audit Committee:

1. All members must be independent director.
2. Not being a director who is authorized by the board of directors to make decisions relating to the operations of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company or potential conflicting person.
3. Not being a director of a parent company, subsidiary or parallel subsidiary company which is a listed company.
4. Having duties and responsibilities according to the SET's rules.
5. Having sufficient knowledge and experience to perform his/her duties as a member of the audit committee provided that at least one member of the audit committee must have sufficient knowledge and experience to review the reliability of the financial statements.
6. Being appointed by the Board or shareholders meeting.

Scope of Responsibilities of Audit Committee:

1. To review the company's financial reporting to ensure that it is accurate and the disclosure is adequate;
2. To review that the company employs appropriate and efficient internal control system and internal audit. To determine the independence of the internal audit unit as well as to approve the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of the internal audit;
3. To review that the company complies to the law on securities and exchange, the regulations of the SET and other laws related to the company business;
4. To consider, nominate or dismiss of an external auditor to be the company's auditor including the audit fee, as well as to attend a non-management meeting with the auditor at least once a year;
5. To review the Connected Transactions or the transactions that may lead to conflicts of interests, that they are complied with the SEC laws and regulations, and to ensure that they are reasonable and yield the highest benefit to the company;

6. To report the governance activities of the Audit Committee in the company annual report, which must be signed by the chairman of the Audit Committee. The report has to consist of at least the following information:
 - (a) An opinion on the accuracy, completeness and reliability of the company financial reports,
 - (b) An opinion on the adequacy of the company internal control system,
 - (c) An opinion on the compliance with related laws i.e. the Securities and Exchange Act, the SET regulations, or the laws relating to the business of the company,
 - (d) An opinion on the suitability of the external auditor,
 - (e) An opinion on the connected transactions or the transactions that may lead to conflicts of interest,
 - (f) The number of Audit Committee meetings, and the attendance of such meetings by each committee member,
 - (g) An overall opinion or comment of the Audit Committee in performing its duties as specified in the audit committee charter.
 - (h) Other transactions the Audit Committee opines that should be known to the shareholders and general investors, under the scope of duties and responsibilities assigned by the company board of directors.
7. To do any other matters assigned by the board of directors of which the Audit Committee agrees.

Nomination and Compensation Committee

The Board of Directors Meeting No. 5/2015 held on 26 October 2015 approved to change Compensation Committee to Nomination and Compensation Committee were consists of 5 members, 3 independent directors and 2 executive director. Term of office shall follow the annual director election. List of the members of the compensation committee is shown below.

Name	Position
1. Dr. Witoon Simachokedee	Compensation Committee Chairman (Independent Director)
2. Mr. Anusorn Muttaraid	Compensation Committee Member
3. Mr. Chu Chih-yuan	Compensation Committee Member (Independent Director)

Scope of Responsibilities of Nomination and Compensation Committee:

1. Appraise the performances of the President and the Executives in Level 11 and up annually.
2. Determine the remuneration of the directors of the company and members of sub-committee, which would include monthly remuneration, meeting allowance, annual bonus and other benefits in terms of both financial and/or non-financial, with fair and reasonable principles and package structure and submit it to the Board of Directors and shareholders for approval.
3. Determine the remuneration policy of the company's president and the Executives in Level 11 and up which includes short term and long term remuneration such as salary, annual bonus and/or other benefits in terms of both financial and/or non-financial, with fair and reasonable principles and package structure and submit it to the Board of Directors for approval.
4. Review the remuneration policy of directors, committee President and the Executives in Level 11 and up based on their performances, the company's performances and best practice in the market and/or among the listed companies in Thailand's stock exchange.

The Committee shall have the following duties and responsibilities regarding nomination:

5. Define the qualifications of the Board member, Sub-committee and Top management must have and aid in identifying and attracting qualified candidates for Board of Directors' consideration.
6. Assess the structure, size, composition of the Board of Directors/Sub-committee, as well as recommend any improvement to the Board of Directors.
7. Conduct an annual evaluation of the performance and achievements of the Board of Directors and Sub-committee and of the individual member, and report to the Board of Directors on the evaluation.
8. Assist in the establishment of succession plan and/or talent management pool development in order to fulfill the requirement for medium to top key management positions
9. Perform any other duties assigned by the Board. To perform the assigned job, the Nomination and Compensation Committee may seek advice or opinion from the relevant independent professionals as necessary and appropriate. The Committee may also need to attend training or seminar with the purpose to enhance knowledge and capability in performing their job at the expense of the company.

Risk Management Committee

Risk Management Committee consists of 10 members as follows;

Name	Position
1. Mr. Hsieh Shen-yen	Risk Management Committee Chairman
2. Mr. Anusorn Muttaraid	Risk Management Committee
3. Mr. Vichai Saksuriya	Risk Management Committee
4. Mr. Sim Kuik keong	Risk Management Committee
5. Mrs. Aruwan Sangrungarun	Risk Management Committee
6. Mr. Fann Chao-ching	Risk Management Committee
7. Mr. Chen Chin-ming	Risk Management Committee
8. Mr. Basile Margaritis	Risk Management Committee
9. Mr. See Kai Mun	Risk Management Committee
10. Mr. Tam Chung-I	Risk Management Committee

Scope of Responsibilities of the Risk Management Committee:

1. Establish risk management procedures.
2. Implement risk management, to delegate the risk management to their respective managers.
3. Develop and review strategic risk management plans
4. Quarterly and/or annually and/or any time that is necessary report to the Board or to the Audit Committee as assigned by the Board.
5. Monitor and continuously improve risk management.
6. The committee may seek advice from relevant professional consultant in some cases

Sustainable Development Committee

Sustainable Development Committee consists of 4 members as follows

Name	POSITION
1. Mr. Hsieh Shen-yen	Sustainable Development Committee Chairman
2. Mr. Anusorn Muttaraid	Sustainable Development Committee Member
3. Mr. Vichai Saksuriya	Sustainable Development Committee Member
4. Mrs.Aruwan Sangrungrun	Sustainable Development Committee Member

Scope of Responsibilities of the Sustainable Development Committee:

1. Annually review the sustainable development policy and associated frameworks, processes and practices of the company and make appropriate recommendations to the Board.
2. To ensure that the company is taking the appropriate measures to undertake and implement the sustainable development projects successfully and shall monitor the the sustainable development policy from time to time.
3. To coordinate with the company for implementing programs and executing initiatives as per the sustainable development policy and shall review the performance of each sustainable development projects at least one time per quarter.
4. To provide counsel and support appropriate resources and persons to promote the sustainable development strategy to the entire organization in the same direction.
5. To form and delegate authority to subcommittees or working groups when appropriate.
6. To review and reassess the adequacy of its responsibilities annually and recommend any proposed changes to the Board for approval.

Selection of Directors and Independent Directors

The Board of Director assigned the Nomination and Compensation Committee to search, selection and nomination of the qualified candidate to be director or member of any committee. The committee selection are considered whether that person knowledgeable and experience in area such as accounting, finance, management, strategy, including skill individual and expertise in line with the company business and strategies without restrictions on gender and race in order to have board diversity structure and firm company. This is to achieve business objectives under management according to the principles of good corporate governance standards. Currently, the company has provided the opportunity to the shareholder to nominate the candidates to be directors of the company with basic qualifications set forth in the company's Website. The Board will consider and approve selecting the candidate by the majority votes of the Board meeting. After selected, the Board shall nominate such candidate to the shareholders' meeting for approval.

Qualifications of Director

1. A director shall have qualifications and shall not have prohibited characteristics as specified in the law on public limited companies, as well as shall not have characteristics indicating a lack of appropriateness in respect of trustworthiness in managing business whose shares are held by public shareholders as specified in the notification of SEC.
2. Professional ethics and excellent career profile.
3. Knowledge or experience in business administration, especially in electronics, telecommunications, finance and accounting or any other areas, as the Board deems appropriate.
4. Able to participating in all Board's meetings and shareholders' meetings (except in case of emergency).
5. Other qualifications that the Board may later consider appropriate or are required by law.

Qualifications of Independent Director

Qualifications of independent director (ID) have been defined based on the requirement of Office of Securities and Exchange Commission as follows:

1. Not holding shares exceeding 1% of the total shares with voting rights of the company, its parent company, its subsidiary, its associated company, or potential conflicting person provided that any shares held by his or her Related Person must be taken into account.
2. Not being nor having been an executive director, employee, officer, monthly paid advisor or controlling person of the company, or its parent company, its subsidiary, its associated company, its parallel subsidiary company or potential conflicting person with the company except that he/she has no such characteristic for at least two years before becoming an independent director.
3. Not being a person related by blood or by registration under laws as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person, or such other person who will be nominated to take up the position of executive or controlling person of the company or its subsidiary.
4. Not having nor having had any business relationship with the company, its parent company, its subsidiary, its associated company or potential conflicting person as might interfere with his/her use of independent discretion, including not being nor having been a major shareholder, a director who is not an independent director, or an executive of a person who has a business relationship with the company, its parent company, its subsidiary, its associated company or potential conflicting person except that he/she has no such characteristic for at least two years before becoming independent director. Details of business relations are summarized as follows:
 - 4.1 Professional advisor
 - 4.1.1 Not being an auditor for any cases
 - 4.1.2 Not being the advisors (such as legal advisor, financial advisor, appraiser or others) with value of transactions of greater than 2 million Baht per year

4.2 Other business relationship

- 4.2.1 Scope of business covers normal business transaction, rental or lease of immovable property transaction, asset or service transaction, and financial assistance transaction.
 - 4.2.2 Not having business relationship with the value of transactions of 20 million Baht or more or 3% or more of its net tangible assets, whichever is lower (including transactions undertaken with the same person in 6 months).
 - 4.2.3 For existing independent director, any case deemed to be necessary and appropriate and not be a regular case, the board of directors with the unanimous resolution may except the transaction which exceeding the above value. In such case, the business transaction is required to be disclosed in the registration statement, Form 56-1, and annual report. If the independent director will be re-appointed for another term, such relationship or transaction must also be disclosed in the notice of meetings.
5. Being a director whom is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's major shareholders.
 6. Not having any other characteristics which make it incapable of expressing an independent opinion with regard to the company's operations.
 7. An independent director who satisfies qualification specified in 1 to 6 above may be empowered by the board to make decision in normal business operation provided that the decision process is in form of collective decision.

Appointment of Directors

After consideration and selection of the qualified candidate, the Board of Directors will nominate such person to the shareholders' meeting for approval based on the Article of Association of the company, an appointment of director is made through a majority vote of shareholders meeting. One share shall count for one vote and each shareholder shall exercise all the votes he has to appoint the nominated person or nominated persons to be director on a person-by-person basis or en bloc basis, provided that he cannot divide his vote to any person to any or in the basis extent vote for nominated persons but the votes are indivisible. The person obtaining the most votes in descending order shall be elected as directors equal to the number of directors required. In the event that persons receiving votes in respective orders receive equal votes and the number of position exceed the positions required, the chairman of the meeting shall have a casting votes.

Dismissal of Directors

The meeting of shareholders may pass a resolution to remove any director prior to retirement by rotation by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting and having the right to vote and having shares in aggregation not less than a half of the number of shares held by shareholders attending the meeting and having the voting rights.

The Orientation for New Director

The company sets up an orientation for new director which include a briefing on the company business on top of its operations and plant visits conducted by Management. Subsequently, summary of the Board of Director's roles and responsibilities, Listed company Director's handbook and company's information in detail will be presented by Corporate Secretary.

In addition, new directors has been arranged to visit our overseas sites for more understanding of the company's businesses.



To ensure the director's efficient performance and in compliance with Corporate Governance Principles, the Board of Directors requires that

1. Each director may retain the office of director in, apart from the company, other 3 listed companies as a maximum
2. President is not permitted to be the director of the other listed company except being the director of the subsidiaries. Moreover, before participating as Board of Director of any other company must first seek approval from the Board of Directors.

The Board's Meeting

The company schedules the board meeting at least four times a year or on a quarterly basis. An extraordinary meeting may be arranged when there is an issue to consider. The regular meeting date will be set in advance for the entire year. At least seven days prior to the meeting date which shall be not less than 5 days, the company will send out invitation letter with agenda to all directors, In case of emergency, invitation letter may be less than seven days. Each director is free to propose agenda. Company secretary has duties to arrange the meeting, take care and give suggestion to ensure that the meeting is in compliance with all relevant laws and regulations, minutes of meeting will be put in writing, and those endorsed by the Board are kept as evidence at the company's office.

Meeting Attendance of Directors in 2016 as follows;

Name	Board of Directors	AC	NCC	AGM
No. of total meetings held	5	4	4	1
Mr. Ng Kong Meng	5/5	n/a	n/a	1/1
Mr. Ming-Cheng Wang	5/5	n/a	n/a	1/1
Mr. Hsieh Shen-yen	5/5	n/a	n/a	1/1
Mr. Hsieh Heng-hsien	5/5	n/a	n/a	1/1
Mr. Anusorn Muttaraid	5/5	n/a	4/4	1/1
Mr. Boonsak Chiempricha	5/5	3/3	n/a	1/1
Mr. Chu Chih-yuan	5/5	3/3	3/3	1/1
Dr. Witoon Simachokedee	4/5	3/4	3/4	1/1

The Quorum for Voting

The Board of Directors had considered additional policy constituting the quorum at the time of vote of the Board of Director meeting by requiring the quorum not less than two third of the total number of directors. This included the case if the director is not able to attend the meeting in person. The conference call is allowed to constitute the quorum. However, the meeting quorum is still required to comply with the company's Articles of Association that at the meeting of the Board of Directors, there shall be not less than one half of the total number of directors attending the meeting in order to constitute a quorum.

The Meeting without Attendance of Management

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

Board Assessment

The Board generally arranges five assessment forms once a year, namely; Assessment of the Board, Assessment of Individual Directors (self-assessment), Executive Committee assessment, Audit Committee assessment and Nomination & Compensation Committee assessment. The assessments forms stipulated the percentages corresponding to the levels of performance achieved in each of area as detailed below except Audit Committee's Assessment.

Over 85% = Excellent

Over 75% = Very good

Over 65% = Good

Over 50% = Fair

Below 50% = Need improvement

The findings from the self-assessments were as follows

Overall Board Assessment consists of 6 items as below;

- 1) Board structure and qualifications
- 2) Roles, duties and responsibilities of the board
- 3) Board meetings
- 4) Duties of directors
- 5) Relationship with management
- 6) Director's self improvement and management training

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

Individual Board Self-Assessment consists of 3 items as below;

- 1) Board structure and qualifications
- 2) Board meetings
- 3) Roles, duties and responsibilities of the board

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

Sub Committee Assessment

- Executive Committee Assessment consists of 2 items as below;

- 1) Committee structure and qualifications
- 2) The committee meeting

The results indicated excellent/ most suitable overall performance, with an average score of 94.5%.

- Audit Committee Assessment consists of 5 items as below;

- 1) Understanding
- 2) Work Performance
- 3) Meeting
- 4) Self development
- 5) Performance evaluation

The results indicated excellent/ most suitable overall performance, with an average score of 95.8%.

- Nomination & Compensation Committee Assessment consists of 4 items as below;

- 1) Committee structure and qualifications
- 2) The committee meeting
- 3) Assumption of responsibility for content of the published report
- 4) Gives priority and devotes sufficient time

The results indicated excellent/ most suitable overall performance, with an average score of 97.2%.

Performance Assessment of the President

The Board assigns the compensation committee to determine and propose Key Performance Indicators (KPI) of the President. The KPI must be approved by the Board and be reviewed annually.

Training for the Board and Management

The company has a policy to encourage directors, executives and the company secretary to continuously train on good corporate governance, both organized internally or externally by relevant institutions such as the SET, the SEC and the Thai Institute of Directors Association (IOD).

Succession plan/ Talent Pool Management

The company adopted Talent Pool Management for succession planning as it does not only offer flexibility in recruiting the suitable person but also well support dynamic business strategy rather than the traditional plan that tend to be more towards specific individual. With talent pool management, candidates can be from both internal and external. This project has continuing progress in obtaining sufficient qualified candidates.

The Board of Directors has established a Talent Pool Management Committee to select, groom, and develop the potential candidate for key positions that aligns with the company's five-year strategic and operational plans. At present, the company is now in the process of planning development the recruited potential personnel.

Supervision of Subsidiary and Associated Companies

The Board of Directors has assigned the Executive Committee to supervise the operations of the subsidiary and associated companies. The Executive Committee has a certain authority to make investment in subsidiaries and associate and may assign some directors or top executives of the company and/or appoint some local people to participate in the Board of Directors or management of its subsidiaries or associates in order to support the management and determine business policies and direction. After appointed, the Executive Committee will report such appointment to the Board of Directors for their acknowledgement. However, if the investment amount exceeds the granted authority, the Executive Committee is required to seek for Board's approval.

The supervision and monitoring have been further done through the implementation of ERP solutions which effectively gathers and provides important information including finance, accounting and other information, to support the management, controlling and monitoring the operations of those subsidiaries and associates. Furthermore, Treasury and Investment Section of the company also actively participate in monitoring and supporting the sourcing of fund, capital increase and reduction by seeking approval from the Executive committee or Board of Directors. And as almost all of the companies in the group are wholly owned subsidiaries, there would be no connected transactions occurred. In case there might be some transactions with the other related companies in Delta group, those subsidiaries have been instructed that prior approval from the company's Executive Committee or Board of Directors is required and it is also required to comply with the relevant SET or SEC's requirements.

Audit Fee

The audit fee paid for the year 2016 to its auditor is Baht 4,620,000 excluding all actual out of pocket expenses (the Audit fee in 2015 is Baht 4,620,000 and actual out of pocket amount Baht 376,651. In addition, 4 subsidiaries had paid their audit fees to the same auditing firm for a total amount of Baht 1,530,000.

The company and some of its subsidiaries hire the same international audit firm but different branch offices in various countries as all of the company's subsidiaries are abroad. Other subsidiaries (most of which are in Europe) use the services provided by Pricewaterhouse Coopers (PWC) and the rest of them employ other audit firms to provide them with the audit services. Selection criteria of its auditor principally are based upon the service quality and charge rate of the auditor.

Corporate Social Responsibility Report

Sustainability Development Policy

Delta Electronics (Thailand) Public Company Limited is committed to operate business in accordance with social responsibility policy and towards sustainable development. These approaches provide practical guidance for the directors, management and employees of the company to conduct business ethically, transparently, auditable, and with respect to human rights. Stakeholders including employees, shareholders, customers, suppliers, and society will also be fairly treated. To comply with the policy set forth, the company follows international standards and related laws. Employees will be educated in order to conduct business with social responsibility and towards sustainability development.

CSR Commitment for Sustainable Business

To Delta, Sustainability Development with CSR encompasses sound corporate governance, balancing of stakeholder benefits, protecting the Earth's environment and social contribution. As a global corporate citizen, Delta supports international standards such as the Electronic Industry Code of Conduct (EICC), the Universal Declaration of Human Rights, the International Labor Office Tripartite Declaration of Principles and the OECD Guidelines for Multinational Enterprises.

Followings are the Company's endeavor to achieve sustainable development;

- Maintain corporate governance and strictly follow business ethical standards
- Comply with laws and related regulations
- Provide employees with a safe and healthy workplace and hygiene environment for their well beings as well as returning reasonable remuneration and benefits
- Support environmental care, provide energy conservation knowledge and encourage employees to take part in community activities
- Create value, reasonable and sustainable returns to the company and shareholders
- Promote CSR ideals and practical guidance throughout Delta's supply chain with cooperation for better efficiency
- Develop environmentally-friendly and energy saving products as well as reduce environmental impact
- Invest in innovation creation and research development for patent and intellectual property rights while devote to progress of human culture and technology in order to develop society and economy similar to sustainable development of the world and environment

Sustainability Strategy

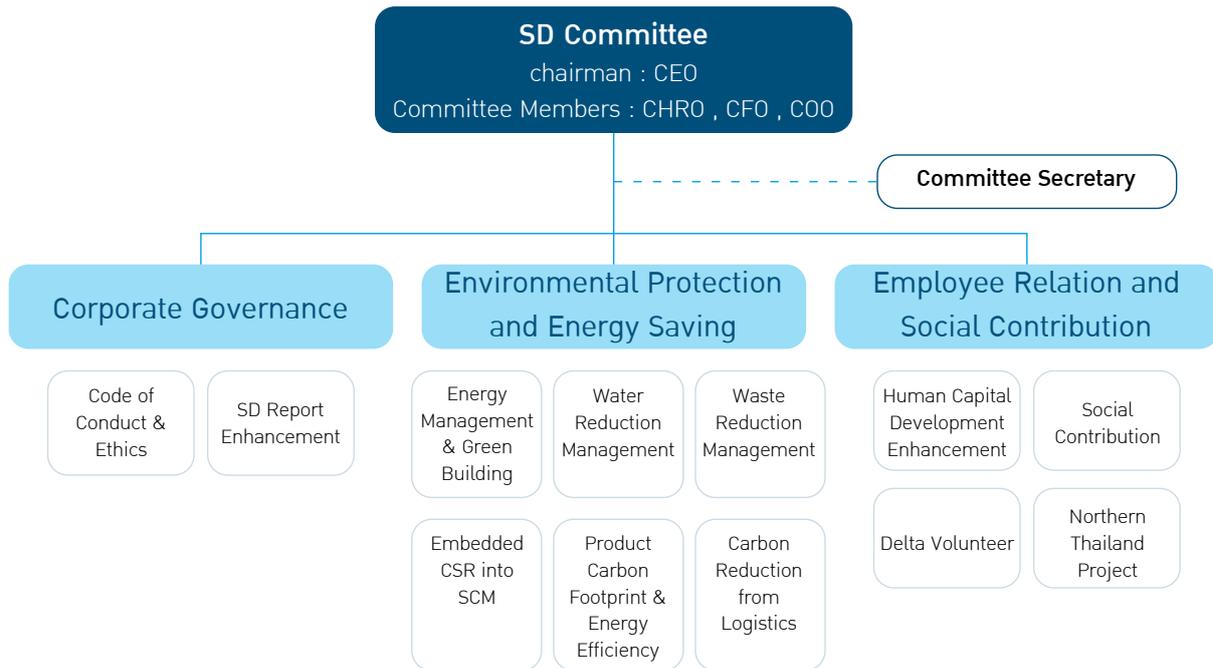
The company's mission outlines commitment towards sustainable development by integrating the concept into operations of all organizational units. Regular training will be arranged to extend boundary and intensity of sustainable development activities. In addition with forming alliance, outlining well communication mechanism to all stakeholders, the company strongly believes that commitment on sustainable development would create maximum benefits for entire organization and stakeholders.

With commitment towards sustainable development, the company integrates CSR principles to be part of business operation since 2007 and emphasizes sustainability development in economic, social and environment. This year, Delta continues to received 2016 sustainability awards namely "Thailand Sustainability Investment 2016" granted by The Stock Exchange of Thailand and is commended among 100 companies for having outstanding business performance in parallel with corporate governance that entails social responsibility (ESG 100) from Thaipat Institute

Implementation of the Corporate Social Responsibility (CSR)

A Sustainability Development Committee (SD Committee) has been formed to define policies and set practical guidelines that align with the Electronic Industry Code of Conduct (EICC) who regulates standards for entrepreneur in electronic sector to ensure having production processes as well as business operation with safety measures and responsibility to both social and environment. Directors, management and employees of the company are abided to adopt those guidance for business operation and determine on improvement to create foundation for continuing and sustainable CSR. CSR communication to employees, suppliers, outsourcers, and all related parties are urged to joint responsibility to the society.

Sustainable Development Committee Structure



CSR Implementation

The company operates CSR with emphasize on issues affecting its stakeholders in accordance with the principles set by the Stock Exchange of Thailand as listed below.

1. Corporate Governance

The Board of Directors of Delta Electronics (Thailand) Public Company Limited recognizes and continues carry business operation with good corporate governance in an attempt to promote sustainable growth and development. Details of these policies can be found on the company's website www.deltathailand.com, and on its Intranet. Commitment and strict compliance to the good corporate government policy made the company rated "Excellent" on the 2016 Corporate Governance Rating Survey conducted by Thai Institute of Directors Association (IOD) in collaboration with The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). Details of the company's corporate governance policies are disclosed on the company's website www.deltathailand.com and report on compliance with good corporate governance each year are also published in the company's annual reports.

2. Corporate Ethics

The company operates business in an ethical, transparent and responsible manner. In this regards, the Board of Directors has developed the company's Code of Conduct, in which integrates the Electronics Industry Code of Conduct (EICC),

as an operational standards for its directors, management and employees to follow. The company's Code of Conduct has been published on its Intranet and company's website http://www.deltathailand.com/th/about_corp_code.php. New employees will receive training to understand company's Code of Conduct. Human Resources Department is responsible for ensuring that all employees are aware of and comply with the company's Code of Conduct while Internal Audit Department is responsible for monitoring and reporting significant non-compliance incidents to the company's management.

Additionally, the Company has established the following communication channels to allow all stakeholders to provide their feedback or file complaints concerning this issue

- Communication channels for employees
 - (1) Head of the unit the employee belongs to
 - (2) Head of Internal Audit department, head of Human Resources department or head of Legal department
 - (3) Opinion box
 - (4) E-mail: whistleblow@deltathailand.com

- Communication channels for other stakeholders
 - (1) Opinion Box (PO Box 50, Bangpoo, Samutprakarn 10280)
 - (2) E-mail: whistleblow@deltathailand.com
 - (3) Website: www.deltathailand.com

Incident reports and complaints are collected by the company's Secretary and escalated to the company's management or Audit Committee or Board of Directors for further investigation on a case by case basis. To date, no compliant or dispute has been reported.

3. Anti-Corruption

To affirm the company's genuine commitment to transparent and auditable business dealings, in the meeting of the company's Board of Directors No.4/2013 held on 6 November 2013, the company approved in principle an anti-corruption measures and assigned the Company's Audit Committee to establish or review policy, set procedures and follow-up mechanism in accordance with the anti-corruption policy. In 2014, the company's Board of Directors approved signing participation with the Thailand's Private Sector Collective Action Coalition against Corruption. The company has officially declared intention to operate business with integrity and indicate intention to against all kinds of corruptions. New employee will not only be trained on operational code of conducts but also this anti-corruption policy.

4. Human Rights Protection

The company sets policy in regards to respect human rights by defining wrong doing practices and mistreatment. It has introduced a non-discrimination policy which governs equitable treatment towards all genders, races, physical disabilities including immunodeficiency, HIV/AIDS and tuberculosis (TB). The company strictly acts on this policy and made known to employees by means of training so that all employees adopt a positive attitude towards their co-workers with respect and equitable. The company awards a Gold Standard of ASO-T Thailand for best TB-HIV/AIDS Prevention and Management in Workplace Program issued by the Department of Labour Protection and Welfare, Ministry of Labour, in corporation with Department of Disease Control, Ministry of Public Health, and the Thailand Business Coalition on AIDS. There is mechanism available for feedback and filing complaints concerning human rights issues. To date, no complaint has been filed.

The ongoing war in the Democratic Republic of the Congo which appeared to be deteriorating is believed to be majority funded by mining of precious metals including tantalum, gold, zinc, and tungsten. Those rare metals are key raw materials for production of electronic devices. Given their availability in the country of human rights violations such as Congo and Rwanda, they are consequently known as Conflict Minerals/Metals. The company realizes the importance of human rights and therefore responds to such conflicts by examining the sources of minerals and seeks for procurement from location outside the conflict areas. The company laid out Conflict Minerals/Metals-free Policy to address prohibits usage of minerals from the Democratic Republic of the Congo and adjoining countries, either directly or indirectly. Implementation of this policy had also been extended to all supply chains. All Suppliers were required to sign up for acknowledgement on the “Minerals/Metals Source Survey” and “Declaration on Non-use of Conflict Minerals/Metals”. The signing is hold as part of managerial process of company’s business.

5. Equitable Treatments to Employees

Occupational Health, Safety and Work Environment

Safety, occupational health and work environment are equally importance among other operational business goals of the company. Management of each division will be responsible for keeping effective implementation of this policy. Every operational unit is to be assessed of impact and its staff is to be consistently trained.

An environmental committee is also established to ensure compliance of occupational health and safety in accordance with the Standards of environmental management system - ISO14001 and Standards of occupational health and safety OHSAS18001. The company has been certified with these two standards for 18 consecutive years. Promoting Zero Accident campaign in workplace is one of the key goals that the company aims to achieve and consistently perform towards. In 2016, there are 15 injury cases, from 45 cases in 2015. or representing only 0.14% of total employees. The company strives to reduce accidents to zero to meet our “Zero Accident” campaign.

Although work-related accidents are on a downward trend, the Company still actively runs a Safety Week event in a bid to achieve zero accident. This event promotes and educates employee to have safety awareness through a variety of activities such as slogan and “Safety machine model” contests and quizzes.

Employee Welfare

The company set up a welfare committee to take care the benefits of employees. Labor Relations policy is also established to ensure fair treatment to all employees. As concrete evidence of its achievement, the company has been awarded Outstanding Entrepreneur on Labor Relations and Labor Welfare Awards for eleven consecutive years from Department of Labor Protection and Welfare, Ministry of Labor.

- **Breastfeeding Corner**

As 84% of the company’s employees are female, it pays special attention to pregnant employees by setting up working corners for pregnant staff and providing them with antenatal training. Breastfeeding corner was established in 2008 to facilitate expressing and storing breast milk during work hours. This is regarded as a way to improve the quality of life of the company’s employees and their families.

- **Happy Workplace**

The company involves in various activities to help promote well-being and quality of life for employees. For example, the company has participated in the “Happy 8 Workplace” program initiated to help create balance family life, work and social life to employees. The program has been carried in coordination with the Thai Health Promotion Foundation and the Association of Thai Electrical & Electronic Industries. This program has positively enhanced quality of life of employees and, as a results, the company had been selected by the program’s runner to supervise another four operational agents. The company had also been recognized as role model for another work place to adopt “Happy 8 Workplace” program.

6. Responsibility to Consumers

The company strives to bring the highest level of satisfaction to its customers by offering high quality products and impressive services. In this connection, the company applies various international standards to its operations to raise consumer confidence and it is certified to a number of internationally-recognized standards as follows;

- ISO9001: 2008 - International Standard of quality management system
- TS16949 - International Standard of quality management system for the automotive industry
- TL9000 - International Standard of quality management system for telecommunications Industry
- ISO/IEC17025 - Standard of quality laboratory system
- IEC-61340-5-1 and ANSI / ESD S20.20 - Standards of Electrostatic Discharge Control Program
- Authorised economic operator (AEO) Certificate - European commission declared by The Customs department, Thailand
- ISO 27001- Information security management certification
- ISO 13485: 2003 - Quality management system for medical device

The company also concerns about consumer safety and has in place procedures to properly manage environmental-related substances to control and prevent the use of hazardous chemicals in production processes. This effort is to assure consumers that the company’s products contain no toxic substances that are harmful to them.

The company actively communicates with customers of every segment to ensure maximum reach as well as help fulfill their needs. Customers can learn more about the Company and the products from www.deltathailand.com. Feedback can also be emailed to CSR@deltathailand.com as displayed on the company’s website. Feedback and comments will be presented to the company’s management for analysis and solution findings for further development.

7. Environmental Protection

The company also focuses on importance in setting up an environmental management system in order to drive business operation on the back of PDCA principle (Plan / Do / Check / Action). The system determines to cope with various context of social and environmental management that employees at all level can continue applying as part of their daily activities. At present, the Company has been certified with various standards, both national and international level, as follows;

- ISO14001 - Standard of Environmental Management System
- ISO14067 - Standard of Product Carbon Footprint Assessment
- ISO14064-1 - Standard of Management System for Quantification and Reporting of Greenhouse Gas Emissions.
- IECQ QC08000 - Standard of Hazardous Substance Process Management
- ISO50001 - Standard of Energy Management System
- OHSAS18001 - Standard of Occupational Health and Safety Management

The company is the first in Thailand being certified ISO14064-1 and ISO50001 and remains commitment to the standards in order to further enhance company’s competency towards the future.

The company has organized a variety of activities to raise environmental and energy efficiency awareness of its employees, such as drawing contest and reforestation campaign.

Green Industry

The company has participated in Ministry of Industry's "Green Industry" program to showcase its serious commitment to following environmentally-friendly practice by shaping up its production and environmental management processes to be greener as well as displaying greater social responsibility internally and externally throughout its supply chain to arrive at sustainable development. The company's two plants at Bangpoo Industrial Estate and Wellgrow Industrial Estate are certified to Green Culture, Level 4. The company has also received a number of awards and certification relating to environmental management and will keep improving its operations to reach the levels of Green Network.

Energy Management

The company valued energy conservation and promoted efficient usage of resources and therefore established an energy management policy with commitment for ongoing elaboration and communication to employee at all levels within organization. The company outlined procedures to monitor, follow-up, improve all the related projects, and sponsored training for employees to obtain more knowledge and be aware of importance of energy conservation. Some energy management concepts have been implemented for improving air conditioning system and lighting system. Solar panels have been installed to generate electricity for usage inside factories and this program has been carried on with gradual development. Results of energy management projects in 2016 include;

- **Energy Saving Project**

The company has developed an Energy Management System (EnMS) Plan to reduce energy consumption in the entire grid by decreasing Electricity Intensity (Electricity consumption/ Production amount). In 2016, there will be addition of 39 projects that is expected to save electricity consumption by 1,178,838 kWh annually.

- **Reducing Impact on Climate Change**

Global warming is one of crisis that threatens daily living of human beings. The company envisages the importance of responding to these changes and therefore provided concrete measures to continuously implement energy management in practice in order to improve efficiency on usage of energy as well as reduce carbon emissions. The company participated in the Carbon Disclosure Project - CDP since 2007. Started in 2009, the company collected data on greenhouse gas (GHG) emissions, both direct and indirect, and reported progress on the website of Standard for quantification and reporting of greenhouse gas emissions and removals (ISO14064-1) in 2010.

8. Participation in Community or Social Development

The company has been involved in various joint-community development projects to promote activities among educations, religion related, public health and other community developments such as signing MOU with the University to help develop student's working skills and facilitating the employees for blood donation to the Thai Red Cross every quarter.

9. Innovations and Its Dissemination

One of the company's missions is "to provide innovative, clean and energy-efficient solutions for a better tomorrow." Therefore, the company works to develop clean and energy-efficient products. Its key lines of green products are listed below.

1. Products of energy-efficient or reduce losing of energy - such as high efficiency power supplies with energy efficiency of 90% especially telecom power supplies energy efficiency of 97%, and other products such as DC fans and LED lamps.
2. Energy saving solutions products which most are parts or industrial automation of add-on devices that help the equipment to efficiently use energy
3. Clean energy products or product that reduces environmental impact such as solar inverters, power supplies and charging station for hybrid vehicles and inverters for wind turbines

These three product lines are not only create economic growth to the company as being key revenue generator, they are also conserve environment

Dissemination of Innovations

The company promotes and supports production operation under Green Label standards that emphasizes environmentally-friendly processes embracing waste management, pollution reduction and efficient usage of resources. Production activities are recorded and measured for a monthly assessment on environmental impact. Employee training is also arranged to enrich knowledge of employees.

Company's products and packaging are unique and comply with international environmental standards, such as EU RoHS (Restriction of Hazardous Substances) and WEEE (Waste Electrical and Electronic Equipment). Those measures provide guidelines to control pollution and waste from electronic products. On company's products, there are labels informing environmental certification obtained such as Energy Star and 80 PLUS.

The company is the first in Thailand certified ISO50001 standard on energy management and has continually successful in carrying out energy conservation campaigns in the factories. It also organized Delta Green Sharing Day to disseminate knowledge about energy conservation innovations, best practices and latest technologies which can be applied in different organizations and communities.

More information please find 2016 Sustainability Development Report or www.deltathailand.com/about_csr.php

Internal Control

The company set up its Internal Audit Department under the supervision of the Audit Committee since 1999 to handle internal audit matters and review its own performance. The Internal Audit has been supporting by and reporting to Audit Committee whom was assigned by the Board of Directors to take account of internal audit in order to evaluate company's sufficiency and efficiency of its internal control systems including managing any possible risk which may affect the firm. Presently, the internal audit function leads by Ms. Neythiya Peethong. For the time being, the company's internal control system is up to a satisfactory level.

The company realizes the importance of the risk management which may influence to the business operations, from the organization's both internal and external factors. Since 2010 the company has organized the Risk Management Committee (RMC) to monitor the organization's risk management to achieve goals according to the organization's acceptance level. RMC then sets a policy on risk management in order the company can operate well in the long term for the benefit of all stakeholders.

For better Corporate Governance, the Audit Committee proposed "Whistle - Blow Misconduct Claim Process" to the Board of Director in 2012 and proposed to set up Anti - Corruption policy and include specified terms / procedures in the company's Code of Conduct in 2013.

According to the Board of Director Meeting No.1/2017 held on 14 February 2017, the Audit committee reported the audit result and evaluation that current company's internal control system is sufficient and efficient.

Policy for The Related Party Transactions

The company and its subsidiaries still need to do the business with the related parties in the future as it is considered normal course of business. Moreover, supports from the group's network help strengthen the company's business and improve its competitiveness in the world market and will utmost benefit the company. The company shall comply with rules, regulations and notifications of the Capital Market Supervisory Board and other relevant authorities re Connected Transactions and also adequately disclose the transaction in the company's quarterly and annual financial statements.

Procedures for Related Party Transactions

Procedures for related party transactions are principally based on the notification of the Capital Market Supervisory Board re Connected Transactions. According to the said notification, business transactions are generally classified into 6 major categories:

1. Normal business transactions
2. Supporting normal business transactions
3. Rent or lease of immovable property (< 3 years)
4. Sale/purchase of asset or service
5. Offer or receipt of financial assistance
6. Transactions other than 1-5

Procedures for each business category are established and summarized as follows;

1. In case of normal business and supporting normal business transactions, the Board of Directors has approved in principle that such transactions can be done under normal/general business terms and conditions which the company and/or its subsidiaries performs with other general parties without any control or influences from the related parties.
2. In case of other business categories, the related party transactions shall be classified by its transaction size and are required to follow below procedures.
 - Small sized transaction, being the transaction with the size of not more than THB 1 million or 0.03% of net tangible assets (NTA), whichever is higher, requires the management's approval.
 - Medium sized transaction, being the transaction with the size of greater than THB 1 million but less than THB 20 million, or greater than 0.03% but less than 3% of NTA, whichever is higher (except Item 5: Financial assistance that its size is less than THB 100 million or 3% of NTA, whichever is lower), requires board of directors' approval and information disclosure.
 - Large sized transaction, being the transaction with the size of THB 20 million and higher or 3% of NTA and higher, whichever is higher (except Item 5: Financial assistance that its size is equal to THB 100 million and higher or 3% of NTA or higher, whichever is lower), requires board of directors' approval, shareholders' approval and information disclosure.

For other details and definitions, the company will perform according to the relevant notification as mentioned above.

Related Party Transaction Control

For regular transaction which most of transactions are among the company's group, the company's management will set pricing policy to ensure buying and selling price based on market price or normal trading condition. In case of any irregular transaction, the company's Chief Financial Officer (CFO), for the company's management, will conduct the transactions with the company secretary's collaboration to ensure the implementation of transaction in line with related policies and regulations.

In addition, the Audit Committee generally reviews and discusses about the related party transactions with the company's external auditor in order to help protect conflicts of interest and see if the related party transactions are adequately and properly disclosed.

The company and its subsidiaries have engaged into business transactions with their related companies in Delta group. 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, Delta group 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 related companies and the selling prices are based on the market price or cost of the materials sold.

2. Purchase of Goods/Raw materials

Currently Delta Thailand 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.

Delta 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 Delta 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, Delta Energy Systems (DES) group, have covered in several regions, especially Europe. Some related companies, therefore, occasionally request for supports from DES group 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 Nomination and Compensation Committee Report

The Nomination and Compensation Committee (NCC) has performed duties pursuant to the good corporate governance principles and the Nomination and Compensation Committee Charter specified by the company. Such duties included recruitment, selection and recommendation of the knowledgeable, competent and qualified candidates suitable for the position of director and top management. This Committee is also responsible for proposing fair and transparent compensation policy and payment guidelines including other benefits to the Board of Directors and the sub-committee by taking into consideration the best interests of all parties which match the performance of the company and the economic environment.

During 2016, the Committee convened four meetings in which important matters and constantly reported the meeting result including comments and suggestions to the Board of Directors for consideration as can be summarized as follows:

1. The Committee has considered proposing to the Annual General of Shareholder Meeting to consider 3 directors, Mr. Hsieh Shen-yen and Mr. Chu Chih-yuan, director who will be retired by rotation return to continue being the director for another term because they have the qualification, knowledge, capability and experience in the business related to the company's operation that can develop the company well. Besides, the Committee also nominated Mr. Boonsak Chiempricha as an independent director in replacement of the previous director whose term expire nine years.
2. The compensation to directors was considered within the same budget which is considerably reasonable compared to the responsibilities and other companies in same or similar industry.
3. The Committee has followed up progress of the Leadership Development Program and social responsibility activities and supervised the same to achieve the company's plans and targets.

The Nomination and Compensation Committee has performed duties with care, transparency and fairness in accordance with the corporate governance, and above of all, benefit of the company and the stakeholders is highly concerned.



Dr. Witon Simachokedee
Chairman

The Audit Committee Report

The Audit Committee consists of five independent directors in 2016: Emeritus Professor Supapun Ruttanaporn as Chairman (from Jan'16 till April'16) then replaced by Mr. Boonsak Chiempricha, Professor Lee Ji-ren (from Jan'16 till April'16) then replaced by Mr. Chu Chih-yuan and Dr. Witoon Simachokedee as Committee member with the Internal Audit Manager as its secretary.

During the year 2016, the Audit Committee held 4 meetings, of which Emeritus Professor Supapun Ruttanaporn attended 1 meeting, Mr. Boonsak Chiempricha, Dr. Witoon Simachokedee and Mr. Chu Chih-yuan attended 3 meetings.

The Audit committee performed its work during the year according to the Audit Committee Charter, which complies with the guidelines of the Stock Exchange of Thailand. The AC also fulfilled the matters assigned by the Board of Directors which can be summarized as follows:

1. Reviewed the quarterly and year-end financial statements independently with the external auditors to ensure that the financial statements and the disclosures were accurate, appropriate, and reliable, and then submitted them to the Board of Directors. The Audit Committee also received reports from the external auditor that there was no any irregularity that should be investigated.
2. Reviewed and evaluated the company internal control whether it is adequate and appropriate. The committee has not been reported that the company internal control has any significant deficiency.
3. Reviewed the risks and the risks management of the company so that all the risks were properly managed. This year, the Audit Committee reviewed the operation of Risk Management Committee and was of the opinion that the company should set up relevant procedures to manage any potential risk that may impact the company.
4. Acknowledged the internal audit reports and having some suggestions to the Management, also evaluated the performance of the Chief Audit Executive as well.
5. Acknowledged with some suggestions the semi-annual compliance report, informing about the follow up of the tax assessments.
6. Reviewed the transfer pricing contract for the transaction of related parties and the conflict of interest transactions together with the external auditors that these transactions were reasonable, proper and fully disclosed, including reviewing the internal control of these transactions.
7. Reviewed the related party transactions or the conflict of interest transactions together with the external auditors that these transactions were reasonable, proper and fully disclosed, including reviewing the internal control of these transactions
8. Completed the Audit Committee self-assessment submitted to the Board of Directors.
9. Considered the proficiency and the independence of the external auditor and propose to the Board of Directors including the audit fee in order to propose for approval in the Annual General Shareholder Meeting. The Audit Committee proposed to reappoint EY Office Limited as the Company's auditor for the accounting period ended December 31st, 2017 by Mr. Narong Puntawong C.P.A. Registration No. 3315, or Miss Waraporn Prapasirikul, CPA. No. 4579, or Miss Supanee Triyanantakul C.P.A. Registration No. 4498 from EY Office Limited with the audit fee of Baht 6,150,000 plus some out-of- pocket expenses



Mr. Boonsak Chiempricha
Chairman

Management's Discussion and Analysis

The following Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements and notes to financial statements. If not defined otherwise, all financial information presented in this document are in Thai Baht. The company presented financial statements in accordance with Thai Financial Reporting of Thailand (TFRS) which is adjusted to conform to International Financial Reporting Standards (IFRS). All financial information to be discussed further herein is the fiscal year ending 31 December 2016, 2015, and 2014 and has been prepared on consolidated basis.

Consolidated Financial Information		2016	2015	2014
Total assets	million baht	46,319	43,763	38,242
Total liabilities	million baht	14,428	13,205	11,076
Total shareholders' equity	million baht	31,891	30,558	27,166
Registered capital	million baht	1,259	1,259	1,259
Paid-up capital	million baht	1,247	1,247	1,247
Key Financial Ratios				
Liquidity Ratios				
Current ratio	times	3.14	3.31	3.44
Quick ratio	times	2.43	2.67	2.47
Cash ratio	times	0.45	0.68	0.74
Receivable turnover	times	4.67	5.23	5.34
Average collection period	days	77	69	67
Inventory turnover	times	5.13	5.96	5.73
Average inventory turnover period	days	70	60	63
Account payable turnover	times	5.00	5.70	5.67
Average payment period	days	72	63	63
Cash Conversion Cycle	days	75	66	67
Financial Data and Profitability Ratios				
Sales revenues	million baht	46,887	46,938	44,071
% change	(%)	(0.11%)	6.51%	6.97%
Gross profit	million baht	12,416	12,811	11,787
Gross profit margin	(%)	26.48%	27.29%	26.75%
Operating expenses (include Research and Development)	million baht	7,319	6,599	6,381
Operating expenses to sales	(%)	15.61%	14.06%	14.48%
Operating profit margin	(%)	10.87%	13.23%	12.27%
Other income to total revenues	(%)	1.60%	2.20%	2.23%
Net profit	million baht	5,516	6,714	5,943
Operating Efficiency				
% change of net profit	(%)	(17.84%)	12.97%	9.74%
Net profit margin	(%)	11.77%	14.30%	13.49%
Net profit to total revenues	(%)	11.58%	13.99%	13.18%
Return on Equity	(%)	17.67%	23.26%	22.76%
Return on assets	(%)	12.25%	16.37%	15.83%
Return on fixed assets	(%)	116.94%	161.08%	147.51%
Asset turnover	times	1.06	1.17	1.20
Financial Policy Ratios				
Debt to Equity	times	0.45	0.43	0.41
Interest coverage	times	94.91	249.18	115.54
Dividend payout	(%)	67.84%*	57.60%	62.97%

* Pending for approval from the 2017 Annual General Meeting of Shareholders

Operating Results for the year 2016, 2015, and 2014

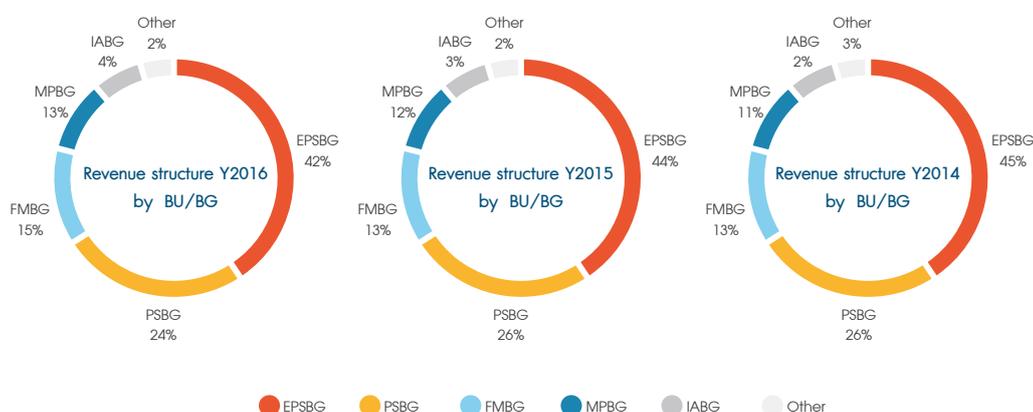
	2016	%	2015	%	(Decrease)	%	2014	%	(Decrease)	%
Revenue from sales and services	46,887.3	100.0	46,938.2	100.0	(50.9)	(0.1)	44,071.4	100.0	2,815.9	6.4
Cost of sales and services	34,471.5	73.5	34,127.2	72.7	344.3	1.0	32,283.9	73.3	2,187.6	6.8
Gross profit	12,415.8	26.5	12,811.0	27.3	(395.2)	(3.10)	11,787.5	26.7	628.3	5.3
Operating expenses	7,319.0	15.6	6,599.4	14.1	719.6	10.9	6,380.6	14.5	938.4	14.7
Operating profit	5,096.8	10.9	6,211.6	13.2	(1,114.80)	(17.9)	5,406.9	12.3	(310.1)	(5.7)
Other income	764.5	1.6	1,055.0	2.2	(290.5)	(27.5)	1,008.5	2.3	(241.8)	(24.0)
Other expenses	129.9	0.3	238.6	0.5	(108.7)	(45.6)	314.9	0.7	(185)	(58.8)
Finance cost	45.2	0.1	39.4	0.1	5.8	14.6	72.7	0.2	(27.5)	(37.8)
Profit before income tax	5,686.2	12.1	6,988.6	14.9	(1,302.40)	(18.6)	6,027.8	13.7	(339.4)	(5.6)
Income tax expenses	169.9	0.4	274.8	0.6	(104.9)	(38.2)	84.7	0.2	85.2	100.6
Net profit for the period	5,516.3	11.8	6,713.8	14.3	(1,197.5)	(17.8)	5,943.1	13.5	(426.6)	(7.2)

Breakdown of Sales Revenues by Business Group

Product Group	2016		2015		2014	
	Revenue	%	Revenue	%	Revenue	%
Power Electronics Group	32,985	70.3	32,179	68.6	30,342	68.8
EPSBG (Embedded Power Suppliers)	19,764	42.2	20,458	43.6	20,001	45.4
MPBG (Mobile Power supplies)	6,156	13.1	5,668	12.1	4,828	11
FMBG (Fan & Thermal Management)	7,065	15.1	6,053	12.9	5,513	12.5
Energy Management Group	13,160	28.1	13,893	29.6	12,518	28.4
PSBG (Power System)	11,186	23.9	12,310	26.2	11,576	26.3
IABG (Industrial Automation)	1,974	4.2	1,584	3.4	942	2.1
Smart Green life Group	497	1.1	318	0.7	567	1.3
Others	245	0.5	548	1.2	644	1.5
Total sales Revenues	46,887	100.0	46,938	100.0	44,071	100.0

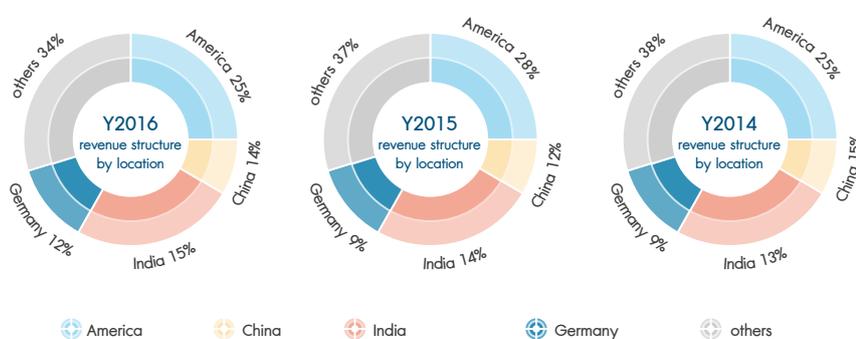
Note

- Power Electronics business comprises 1) EPSBG Product Group (e.g. Power Supply for storage devices in Computer and Networking system, Customized design Power supplies, Power Supply for Automobile and DC-DC converter); 2) MPBG Product Group (e.g. charger/adaptor for both industrial and personal use, broadband, and printer); and 3) FMBG Product Group (e.g. cooling fan, EMI filter and Solenoid)
- Energy Management business includes Power Systems for Telecom Power Solutions (TPS), Uninterruptible Power Supplies (UPS), and automatic equipment for industrial sector (Industrial automation)
- Smart Green Life business includes Display products and LED lighting



In 2016, consolidated sales revenues were marginally decreased, only 0.1% from those of last year, to 46,887 million baht but increased for 2,815.9 million baht or 6.4% from those of 2014. This was mainly caused by the decrease in sales of Energy Management business group, especially sales of telecom power systems which reduced about 1,225.1 million baht or 11.9% from previous year and 756.5 million baht or 7.7% from those of 2014. This was mainly due to the declining sales in Europe following the slow recovery in its economy. However, sales of Power Electronics business group were increased during the past 3 consecutive years, particularly the increase in sales of Fan and Thermal Management group for 1,011.6 million baht or 16.7% from year 2015, 1,551.4 million baht or 28.1% from year 2014. The major product in this group is cooling fans used in automotive, telecommunications, and consumer electronic sectors. In addition, some sales growth contributions in this business group were also from MPBG (Mobile Power) products and power supplies for automotive. MPBG sales rose 488.0 million baht or 8.6% from 2015 and 1,328.5 million baht or 27.5% from 2014. The major item in MPBG is power tool generally used in construction. The company has developed more variety models of this product to serve the clients' requirements. Sales of power supplies for automotive were increased 472 million baht, or 33.8%, from previous year and 229.9 million baht, or 19.1%, from 2014.

Sales Revenues Breakdown by Geographic Location



In 2016, sales revenues in the America market remain recorded the highest proportion, contributing 25% of total sales, but reduced from 28% in 2015. Sales contribution from India and China has been steadily increased 1-2% from 2015. India market has shown a continuous growth in its contribution for 3 consecutive years since 2014.

Other Income

Other income worth 764.5 million baht in 2016 consists of the following key items:

- Interest income of 197.4 million baht, reduced 26.7 million baht from 2015, in relation to lower cash on hand of 371.2 million due to the increase in investments in land, building and machines in the company and the subsidiaries and the lower interest rate in Thailand.
- Foreign exchange gains worth 183.0 million baht, lower from 412.1 million baht in previous year and 231.1 million baht in 2014. However, the company has no policy to speculate on the exchange rate but continues its prudent policy in the full hedging on net position of each currency's exposure to minimize potential impact from exchange rate fluctuation.

Cost of Sales and Expenses

In 2016, cost of sales accounted for 73.5% of total sales, slightly higher than the level in 2015 and 2014 of 72.7% and 73.3%, respectively. However, the cost structure remained unchanged with high proportion of raw material cost being accounted for 78% of cost of sales. The company therefore has continued emphasizing on managing risk of raw material. Major currencies of raw material purchased are in USD, EUR and India rupee.

Selling and administrative expenses (including research and development - R&D) in 2016 were increased when compared to those of the previous year because of the increase in R&D expenses 529.6 million baht and selling expenses of 167.5 million baht. 2016 R&D activities basically focused on the development of automotive products which is considered new business of the company and also the development of some other products to serve the customers' various requirements. Selling expenses were also higher as compared to those of last year. The main higher item was increasing of new sales and marketing staff to boost up sales of some product groups particularly in India and South East Asia. As a result, selling and administrative expenses to sales ratio rose from 14.1% in 2015 and 14.5% in 2014 to 15.6% in 2016.

Financial costs or interest expenses worth 45.2 million baht increased 5.8 million baht or 14.6% from previous year. This is because of the business expansion in the company's subsidiary in India, which used short term loans from financial institutions to support its working capital.

Corporate income tax of 169.9 million baht reduced from 274.8 million in 2015, in relation to the lower profitability of the company and subsidiaries in 2016.

Net Profit

The company's gross margin in 2016 was 26.5%, lower from 27.3% in 2015 and 26.8% in 2014. Combined with higher selling & administrative expenses (including R&D), operating margin declined to 10.9%, respectively from 13.2% and 12.3% in 2015 and 2014. Consequently, net profit in 2016 was down to 5,516.3 million baht, a decrease of 17.8% and 7.1% from 2015 and 2014 respectively. Earnings per share decreased to 4.42 baht in 2016, from 5.38 baht in 2015 and 4.76 baht in 2014.

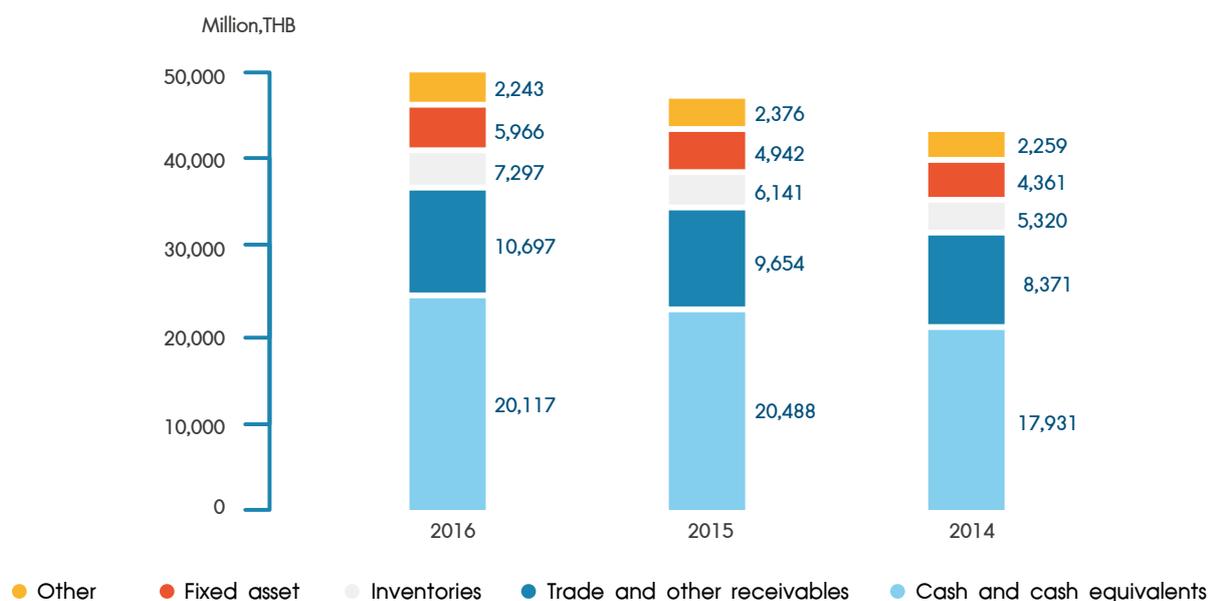
Asset Management

As at 31 December 2016, the company had total assets worth 46,319.3 million baht, an increase of 2,556.4 million baht or 5.8% from 2015 and 8,077.5 million baht or 21.1% up from 2014. Following the lower net profit and higher investments in land, building and machines, return on assets was down to 12.3%, from 16.4% and 15.8% in 2015 and 2014 respectively.

Major assets and the changes in the assets are as follows;

Unit : Million Baht

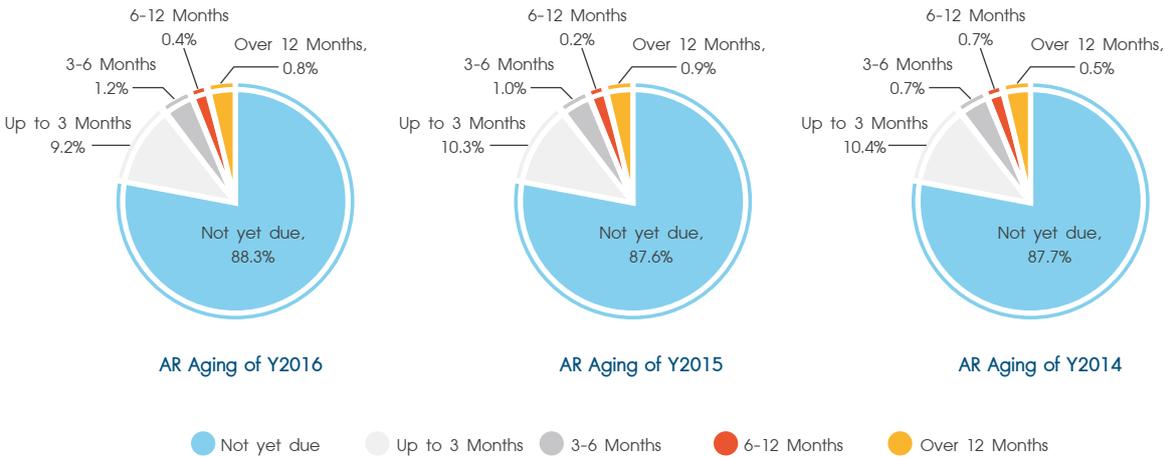
	31 December 2016		31 December 2015		31 December 2014		2016 vs 2015		2016 vs 2014	
		%		%		%	Increase (Decrease)	%	Increase (Decrease)	%
Cash and cash equivalents	19,685.4	42.5	20,488.0	46.8	17,931.3	46.9	(802.6)	(3.9)	1,754.1	9.8
Current investments (Fixed deposit over 3 months)	431.4	0.9	-	-	-	-	431.4	100.0	431.4	100.0
Trade and other receivables	10,696.5	23.1	9,815.4	22.4	8,370.7	21.9	881.1	9.0	2,325.8	27.8
Inventories	7,296.8	15.8	6,141.3	14	5,320.2	13.9	1,155.5	18.8	1,976.6	37.2
Property, plant and equipment	5,965.7	12.9	4,941.9	11.3	4,361.3	11.4	1,023.8	20.7	1,604.4	36.8
Other assets	2,243.6	4.8	2,376.3	5.4	2,258.3	5.9	(132.8)	(5.6)	(14.7)	(0.7)
Total Assets	46,319.3	100.0	43,762.9	100.0	38,241.8	100.0	2,556.4	5.8	8,077.5	21.1



Cash and Bank Deposits (Including current investment) as at 31 December 2016 amounted to 20,116.7 million baht, a slight decrease from 2015 but increase of 2,185.4 million baht or 12.2% from 2014, in relation to the significant investment amount in land, building and machinery totaling 2,693 million baht, mainly in the subsidiary in India and also the purchase of machines of the company.

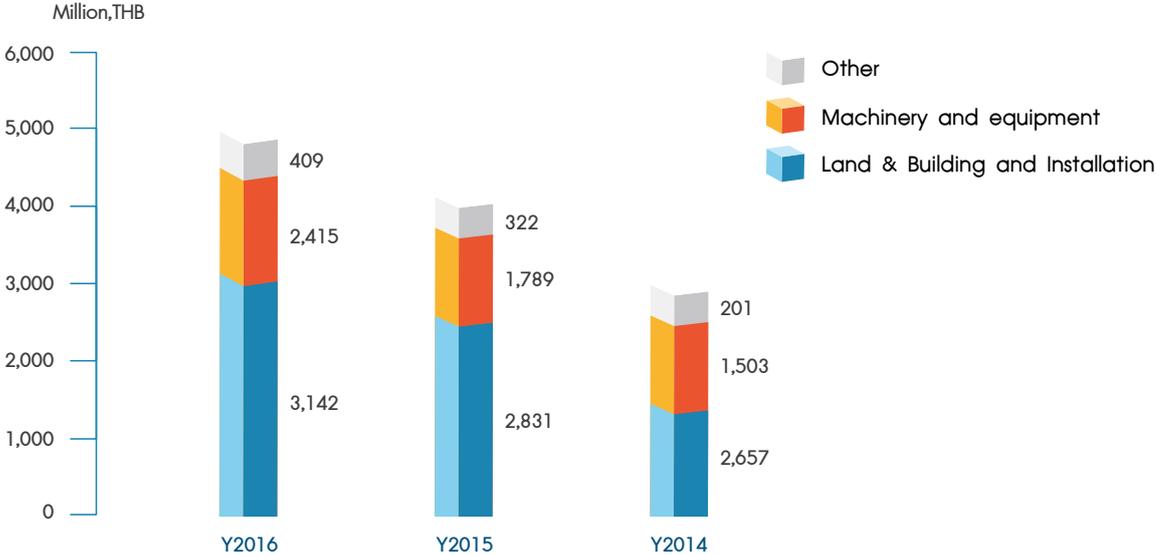
Net Trade Receivables as at 31 December 2016 of 10,696.5 million baht rose 9.0% from 2015 and 27.8% from 2014. Most of the receivables, 88.3% of total receivables, are the accounts under due. Average collection period in 2016 is 77 days, compared to 69 days in 2015 and 67 days in 2014. The longer period of collection is due to higher proportion in sales of the products under the branding business which its collection period in general is longer than ODM's. However, it remains in an acceptable range for normal business operation. Nevertheless, the company and its subsidiaries closely monitored and actively managed receivables by consistently assess customers' financial position. To counter with risk from collection of receivables, the company insures receivables with a world leading insurance company as well as conservatively set aside allowance for doubtful accounts. Based on the company's policy, receivables passed due by more than 15 days will be allowed at a rate of 0.5% and at a higher rate for the longer aging. As at 31 December 2016, the company and its subsidiaries recorded allowance for doubtful accounts totaled 182.1 million baht, increased from 2015 and 2014 of 157.2 million baht and 131.4 million baht, respectively. At end of 2016, net trade receivables and other receivables represented 23.1% of total assets.

Breakdown of Trade Receivable Aging during 2014 to 2016



Inventories as at 31 December 2016 amounted to 7,296.8 million baht, increased 1,155.5 million baht or 18.8% from 2015, and 1,976.6 million baht or 37.2% from 2014. Following the higher inventory in 2016, the inventory turnover days increased to 70 days, from 60 and 63 days in 2015 and 2014, respectively. With prudent control, the company set aside provisions for obsolete inventory aging more than three months and higher for the older. The allowance for obsolete inventory in 2016 amounted to 968.0 million baht, compared to 887.0 million baht in 2015 and 931.8 million baht in 2014.

Comparison of Net Book Value of Property, Plant and Equipment during 2014 to 2016 is illustrated below.



Liabilities and Liquidity

As at 31 December 2016, the company's total liabilities amounted 14,428.2 million baht, increased 1,223.1 million baht or 9.3% from 2015 and 3,352.6 million baht or 30.3% from 2014. Debt to Equity ratio of 0.45 times in 2016 is close to 2015 of 0.43 times and 0.41 times in 2014, the level at which signified reasonable capital structure and low financial risk.

Breakdown of Major Liabilities

Unit : Million Baht

	31 December 2016		31 December 2015		31 December 2014		2016 vs 2015		2016 vs 2014	
		%		%		%	Increase (Decrease)	%	Increase (Decrease)	%
Bank overdrafts and short-term loans from financial institutions	321.1	2.23	189.9	1.44	249.6	2.25	131.2	69.1	71.5	28.6
Trade and other payables	11,349.1	78.66	10,272.6	77.79	8,654.9	78.14	1,076.5	10.5	2,694.2	31.1
Other current liabilities	731.9	5.07	808.1	6.12	481.8	4.35	(76.2)	(9.4)	250.1	51.9
Provision for long-term employee	1,458.7	10.11	1,449.2	10.97	1,334.2	12.05	9.5	0.7	124.5	9.3
Other non-current liabilities	567.4	3.93	485.3	3.68	355.1	3.21	82.1	16.9	212.3	59.8
Total liabilities	14,428.2	100.00	13,205.1	100.00	11,075.6	100.00	1,223.1	9.3	3,352.6	30.3

Bank Overdrafts and Short-Term Loans from Financial Institutions were incurred by subsidiaries. The outstanding balance as at 31 December 2016 amounted to 321.1 million baht, rose by 69.1% and 28.6% from 2015 and 2014, respectively. Following the business expansion in India, some short term loans from financial institutions have been used to support the additional requirements in working capital.

Trade and Other Payables as at 31 December 2016 increased 1,076.5 million baht or 10.5% from 2015 and 2,694.2 million baht or 31.1% from 2014. On average, period of payment to trade payable in 2016 was 72 days, compared to 63 days in 2015 and 2014.

Return on Equity

As at 31 December 2016, shareholders' equity amounted to 31,891.1 million baht, rose 1,333.3 million baht or 4.4% from 2015 and 4,724.9 million baht or 17.4% from 2014, in relation to the profit generated during the year. However, with lower profit generated in 2016, return on equity in 2016 reduced to 17.7%, from 23.3% in 2015 and 22.8% 2014.

Responsibility of the Board of Directors to the Financial Statements

The Board of Directors of Delta Electronics (Thailand) Public Company Limited is responsible for the financial statements of the company and its subsidiaries which have been prepared in accordance with Thailand's generally accepted accounting standards. The appropriate accounting policies are applied consistently with adequate disclosure of material information in the notes to the financial statements.

The Board of Directors has assigned the Audit Committee which is composed of all independent directors to review the quality of financial statements and the effectiveness of the internal control system to ensure that accounting records are booked properly and accurately in order to safeguard the company's assets. The opinions of the Audit Committee have been reported in the annual report. Furthermore, the company's external auditor has also provided their opinions on the financial statements of the company and its subsidiaries in the auditor's report which has also been disclosed in the annual report.



Ng Kong Meng (James)
Chairman of the Board
On behalf of Board of Directors

Independent Auditor's Report

To the Shareholders of Delta Electronics (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 25.3.1 to the financial statements regarding the Company's receipt of notices of corporate income tax assessment, covering the years 1997 through 2006, and notices of specific business tax assessment for the year 2005 and year 2006 from the Revenue Department. My opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue from sales of goods is one of the Company's significant accounts because the amounts of revenue recorded would directly affect the Company's profit or loss for the year. Moreover, the Company has a large number of customers with a variety of different commercial terms. There are therefore risks with respect to the amount and timing of revenue recognition. For this reason, I have paid particular attention to the Company's recognition of revenue from sales of goods in order to ensure that the revenue is recorded correctly and in accordance with the relevant accounting standards.

I have examined the Company's revenue recognition by gaining an understanding and evaluating the effectiveness of the Company's internal controls with respect to revenue cycle. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and near the end of the accounting period. In addition, I reviewed credit notes issued by the Company to its customers after the period-end and performed analytical review procedures on the sales account to identify possible irregularities in sales transactions throughout the period.

Provision for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in the Note 8 to the financial statement, is an area of significant management judgement, and the inventories of the Company are high technology products, which become obsolete faster than some other products. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the Company's internal controls relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls and I also assessed the method and the assumption applied by management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory, and reviewing the consistency of the application of that basis. In addition, I compared the data on inventory aging and inventory movement to identify product lines with indicators of lower than normal inventory turnover. I also compared details of net amount that an entity expects to realise from the sale of inventory after the date of the financial statements with the cost of inventory for each product line.

Impairment of consolidation goodwill and patents

As at 31 December 2016, The Company and its subsidiaries had consolidation goodwill and patents amounting to Baht 307 million and Baht 467 million, respectively. I have focused on the consideration of the impairment of the consolidation goodwill and patents because the assessment of impairment of consolidation goodwill and patents is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate. There is thus a risks with respect to the amounts of consolidation goodwill and patents.

In auditing the impairment of consolidation goodwill and patents, I assessed the identified cash generating units by gaining an understanding of and testing the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate applied, making enquiry of responsible executives and comparing details with sources of information about the Company and the industry.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions

are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

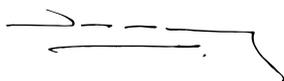
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Narong Puntawong.



Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 14 February 2017

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents		19,685,363,416	20,487,951,634	12,184,017,823	12,912,492,655
Current investments		431,366,380	-	-	-
Trade and other receivables	7	10,696,536,754	9,815,396,646	8,982,015,612	7,147,857,400
Inventories	8	7,296,775,898	6,141,318,226	4,448,579,319	3,665,518,299
Other current assets	9	818,347,036	846,584,369	132,146,295	141,668,778
Total current assets		38,928,389,484	37,291,250,875	25,746,759,049	23,867,537,132
Non-current assets					
Deposits at bank with restrictions		54,729,708	72,705,137	-	-
Investments in subsidiary companies	10	-	-	11,573,120,772	11,480,274,783
Investment properties	11	211,356,198	230,209,976	-	-
Property, plant and equipment	12	5,965,729,101	4,941,919,805	3,452,699,568	2,767,655,068
Consolidation goodwill		306,757,971	306,757,971	-	-
Other intangible assets	13	487,017,028	558,565,250	2,723,926	5,522,265
Deferred tax assets	21	299,128,028	292,932,000	-	-
Other non-current assets		66,158,068	68,536,021	1,319,327	1,363,044
Total non-current assets		7,390,876,102	6,471,626,160	15,029,863,593	14,254,815,160
Total assets		46,319,265,586	43,762,877,035	40,776,622,642	38,122,352,292

The accompanying notes are an integral part of the financial statements.

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		321,099,118	189,930,764	-	-
Trade and other payables	14	11,349,105,922	10,272,575,658	8,207,849,863	7,122,841,283
Income tax payable		77,130,958	130,969,052	433,800	5,324,806
Short-term provisions	17	94,183,510	155,713,446	-	-
Other current liabilities	15	560,553,798	521,408,389	131,828,567	109,121,176
Total current liabilities		12,402,073,306	11,270,597,309	8,340,112,230	7,237,287,265
Non-current liabilities					
Deferred tax liabilities	21	82,416,793	69,198,718	-	-
Provision for long-term employee benefits	16	1,458,713,064	1,449,154,812	259,426,435	262,635,979
Long-term provisions	17	473,815,793	404,737,572	265,109,340	234,754,362
Other non-current liabilities		11,156,453	11,425,036	1,145,222	1,115,402
Total non-current liabilities		2,026,102,103	1,934,516,138	525,680,997	498,505,743
Total liabilities		14,428,175,409	13,205,113,447	8,865,793,227	7,735,793,008
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 ordinary shares					
of Baht 1 each		1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid					
1,247,381,614 ordinary shares					
of Baht 1 each		1,247,381,614	1,247,381,614	1,247,381,614	1,247,381,614
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Retained earnings					
Appropriated - Statutory reserve	18	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		30,705,031,836	29,091,127,321	29,045,635,301	27,521,365,170
Other components of shareholders' equity		(1,679,135,773)	(1,398,557,847)	-	-
Equity attributable to owners of the Company		31,891,090,177	30,557,763,588	31,910,829,415	30,386,559,284
Total shareholders' equity		31,891,090,177	30,557,763,588	31,910,829,415	30,386,559,284
Total liabilities and shareholders' equity		46,319,265,586	43,762,877,035	40,776,622,642	38,122,352,292
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss:					
Revenues					
Sales and service income		46,887,261,042	46,938,249,622	33,856,257,882	31,823,975,698
Other income					
Interest income		197,443,546	224,168,140	172,198,985	194,719,500
Gain on exchange		183,014,793	412,118,347	249,980,271	750,116,636
Others		384,037,205	418,728,576	168,578,798	158,470,495
Total revenues		<u>47,651,756,586</u>	<u>47,993,264,685</u>	<u>34,447,015,936</u>	<u>32,927,282,329</u>
Expenses					
Cost of sales and services		34,471,471,186	34,127,201,544	24,389,468,897	22,753,427,047
Selling expenses		3,104,092,018	2,936,637,114	1,302,084,085	1,165,693,244
Administrative expenses		1,691,402,709	1,668,835,393	869,398,676	859,678,331
Research and development expenses		2,523,525,436	1,993,943,175	2,469,515,024	1,793,141,561
Other expenses		129,872,774	238,616,130	32,892,724	32,927,147
Total expenses		<u>41,920,364,123</u>	<u>40,965,233,356</u>	<u>29,063,359,406</u>	<u>26,604,867,330</u>
Profit before finance cost and income tax expenses		<u>5,731,392,463</u>	<u>7,028,031,329</u>	<u>5,383,656,530</u>	<u>6,322,414,999</u>
Finance cost		(45,160,564)	(39,382,969)	-	-
Profit before income tax expenses		<u>5,686,231,899</u>	<u>6,988,648,360</u>	<u>5,383,656,530</u>	<u>6,322,414,999</u>
Income tax expenses	21	(169,941,530)	(274,833,130)	(12,885,157)	(19,296,768)
Profit for the year		<u>5,516,290,369</u>	<u>6,713,815,230</u>	<u>5,370,771,373</u>	<u>6,303,118,231</u>

The accompanying notes are an integral part of the financial statements.

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency - net of income tax	(280,577,926)	560,461,612	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(280,577,926)	560,461,612	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gains (losses) - net of income tax	(35,502,851)	(140,569,020)	20,381,761	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(35,502,851)	(140,569,020)	20,381,761	-
Other comprehensive income for the year	(316,080,777)	419,892,592	20,381,761	-
Total comprehensive income for the year	5,200,209,592	7,133,707,822	5,391,153,134	6,303,118,231
Profit attributable to:				
Equity holders of the Company	5,516,290,369	6,713,815,230	5,370,771,373	6,303,118,231
Total comprehensive income attributable to:				
Equity holders of the Company	5,200,209,592	7,133,707,822	5,391,153,134	6,303,118,231
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	4.42	5.38	4.31	5.05

The accompanying notes are an integral part of the financial statements.

Delta Electronics (Thailand) Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to shareholders of the Company									
	Issued and fully paid share capital	Share premium	Retained earnings		Other component of shareholders' equity			Total other components of shareholders' equity	Total shareholders' equity	
			Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Other comprehensive income	Other comprehensive income			
Balance as at 31 December 2014 - as previously reported	1,247,381,614	1,491,912,500	125,900,000	26,692,071,850	(1,959,019,459)	(1,959,019,459)	(1,959,019,459)	(1,959,019,459)	27,598,246,505	
Cumulative effect of change in accounting policy	-	-	-	(432,045,897)	-	-	-	-	(432,045,897)	
Balance as at 31 December 2014 - as restated	1,247,381,614	1,491,912,500	125,900,000	26,260,025,953	(1,959,019,459)	(1,959,019,459)	(1,959,019,459)	(1,959,019,459)	27,166,200,608	
Profit for the year	-	-	-	6,713,815,230	-	-	-	-	6,713,815,230	
Other comprehensive income for the year	-	-	-	(140,569,020)	560,461,612	560,461,612	560,461,612	560,461,612	419,892,592	
Total comprehensive income for the year	-	-	-	6,573,246,210	560,461,612	560,461,612	560,461,612	560,461,612	7,133,707,822	
Dividend paid (Note 19)	-	-	-	(3,742,144,842)	-	-	-	-	(3,742,144,842)	
Balance as at 31 December 2015	1,247,381,614	1,491,912,500	125,900,000	29,091,127,321	(1,398,557,847)	(1,398,557,847)	(1,398,557,847)	(1,398,557,847)	30,557,763,588	
Balance as at 31 December 2015	1,247,381,614	1,491,912,500	125,900,000	29,091,127,321	(1,398,557,847)	(1,398,557,847)	(1,398,557,847)	(1,398,557,847)	30,557,763,588	
Profit for the year	-	-	-	5,516,290,369	-	-	-	-	5,516,290,369	
Other comprehensive income for the year	-	-	-	(35,502,851)	(280,577,926)	(280,577,926)	(280,577,926)	(280,577,926)	(316,080,777)	
Total comprehensive income for the year	-	-	-	5,480,787,518	(280,577,926)	(280,577,926)	(280,577,926)	(280,577,926)	5,200,209,592	
Dividend paid (Note 19)	-	-	-	(3,866,883,003)	-	-	-	-	(3,866,883,003)	
Balance as at 31 December 2016	1,247,381,614	1,491,912,500	125,900,000	30,705,031,836	(1,679,135,773)	(1,679,135,773)	(1,679,135,773)	(1,679,135,773)	31,891,090,177	

The accompanying notes are an integral part of the financial statements.

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

	Separate financial statements					Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		Total	
			Appropriated	Unappropriated		
Balance as at 31 December 2014 - as previously reported	1,247,381,614	1,491,912,500	125,900,000	25,038,522,306	27,903,716,420	
Cumulative effect of change in accounting policy	-	-	-	(78,130,525)	(78,130,525)	
Balance as at 31 December 2014 - as restated	1,247,381,614	1,491,912,500	125,900,000	24,960,391,781	27,825,585,895	
Profit for the year	-	-	-	6,303,118,231	6,303,118,231	
Other comprehensive income for the year	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	6,303,118,231	6,303,118,231	
Dividend paid (Note 19)	-	-	-	(3,742,144,842)	(3,742,144,842)	
Balance as at 31 December 2015	1,247,381,614	1,491,912,500	125,900,000	27,521,365,170	30,386,559,284	
Balance as at 31 December 2015	1,247,381,614	1,491,912,500	125,900,000	27,521,365,170	30,386,559,284	
Profit for the year	-	-	-	5,370,771,373	5,370,771,373	
Other comprehensive income for the year	-	-	-	20,381,761	20,381,761	
Total comprehensive income for the year	-	-	-	5,391,153,134	5,391,153,134	
Dividend paid (Note 19)	-	-	-	(3,866,883,003)	(3,866,883,003)	
Balance as at 31 December 2016	1,247,381,614	1,491,912,500	125,900,000	29,045,635,301	31,910,829,415	

The accompanying notes are an integral part of the financial statements.

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:				
Profit before tax	5,686,231,899	6,988,648,360	5,383,656,530	6,322,414,999
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	861,197,339	779,148,389	641,252,902	578,868,528
Amortisation of other intangible assets	76,981,115	98,540,606	3,328,339	6,466,766
Recording of allowance for doubtful accounts	24,939,857	25,785,672	1,169,316	2,342,817
Decrease of inventory to net realisable value (reversal)	81,371,608	(44,798,599)	7,254,390	(56,376,521)
Loss from write-off inventories	170,316,617	232,715,346	108,591,302	164,645,812
Increase in provision for long-term employee benefits	99,289,104	104,046,683	33,712,214	42,521,230
Recording of the increase in provisions	55,619,223	134,033,872	34,176,789	38,730,899
(Gain) loss from disposal of property, plant and equipment	5,929,001	(1,719,749)	8,028,968	(1,062,169)
Allowance for impairment loss on assets	-	4,142,319	-	4,142,319
Loss on disposal of other intangible assets	-	124,818	-	-
Unrealised gain on exchange	(250,493,511)	(192,122,244)	(246,432,033)	(239,588,226)
Interest income	(197,443,546)	(224,168,140)	(172,198,985)	(194,719,500)
Interest expenses	45,160,564	39,382,969	-	-
Profit from operating activities before changes in operating assets and liabilities	6,659,099,270	7,943,760,302	5,802,539,732	6,668,386,954
Decrease (increase) in operating assets:				
Trade and other receivables	(829,179,335)	(1,392,141,251)	(1,755,394,873)	(1,040,520,648)
Inventories	(1,407,145,897)	(1,008,992,864)	(898,906,712)	(464,032,446)
Other current assets	97,973,432	(203,265,769)	22,401,556	(64,401,168)
Other non-current assets	2,377,953	(8,434,715)	43,717	1,209,777
Increase (decrease) in operating liabilities:				
Trade and other payables	1,076,878,473	1,523,785,370	1,074,721,788	1,072,698,986
Other current liabilities	(19,028,152)	218,683,490	(3,225,147)	229,922
Provision for long-term employee benefits	(74,724,317)	(67,454,207)	(16,539,997)	(7,434,628)
Provisions	(39,470,109)	(22,927,303)	-	-
Other non-current liabilities	(268,583)	(1,449,482)	29,820	(74,998)
Cash flows from operating activities	5,466,512,735	6,981,563,571	4,225,669,884	6,166,061,751
Cash received from interest income	195,968,950	226,454,204	170,951,940	194,948,374
Cash paid for interest expenses	(59,660,235)	(28,926,693)	-	-
Cash paid for corporate income tax	(273,972,206)	(165,576,453)	(17,397,699)	(15,307,087)
Net cash flows from operating activities	5,328,849,244	7,013,514,629	4,379,224,125	6,345,703,038

The accompanying notes are an integral part of the financial statements.

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities:				
Decrease in deposits at bank with restrictions	17,975,429	4,063,376	-	-
Increase in current investments	(431,366,380)	-	-	-
Increase in investments in subsidiary company	-	-	(92,845,989)	(729,350,970)
Acquisition of property, plant and equipment	(2,059,330,378)	(1,365,321,059)	(1,365,991,356)	(1,014,060,768)
Proceeds from disposal of property, plant and equipment	103,966,380	15,364,188	31,664,986	5,894,997
Increase in other intangible assets	(10,074,973)	(26,372,303)	(530,000)	(3,588,473)
Net cash flows used in investing activities	(2,378,829,922)	(1,372,265,798)	(1,427,702,359)	(1,741,105,214)
Cash flows from financing activities:				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	131,168,354	(59,668,824)	-	-
Dividend paid	(3,866,883,003)	(3,742,144,842)	(3,866,883,003)	(3,742,144,842)
Net cash flows used in financing activities	(3,735,714,649)	(3,801,813,666)	(3,866,883,003)	(3,742,144,842)
Increase (decrease) in translation adjustments	(246,360,291)	472,345,091	-	-
Net increase (decrease) in cash and cash equivalents	(1,032,055,618)	2,311,780,256	(915,361,237)	862,452,982
Unrealised gain on exchange for cash and cash equivalents	229,467,400	244,842,841	186,886,405	306,659,228
Cash and cash equivalents at beginning of year	20,487,951,634	17,931,328,537	12,912,492,655	11,743,380,445
Cash and cash equivalents at end of year	19,685,363,416	20,487,951,634	12,184,017,823	12,912,492,655
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2016

1. Corporate information

Delta Electronics (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Delta Electronics Inc., which is incorporated in Taiwan. The registered office of the Company is at 714 Moo 4, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn.

The Company and its subsidiaries are principally engaged in the manufacture and distribution of electronic products, together with related research and development.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

2.2.1 The consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 Percent	2015 Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Energy Systems (Switzerland) AG	Holding business, trading, research and development of electronic products	Switzerland	100	100
Delta Green Industrial (Thailand) Company Limited	Manufacture and trading of electronic products	Thailand	100	100
Delta Energy Systems (Singapore) Pte. Ltd.	Holding business and trading of electronic products	Singapore	100	100

The subsidiaries which the Company owns through DET International Holding Limited are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
DET Logistics (USA) Corporation	Trading of electronic products	USA	100	100
DET Video Technology Limited	Holding business	The British Virgin Islands	100	100
Delta Electronics (Slovakia) s.r.o.	Manufacture and trading of electronic products	Slovakia	100	100
Delta Energy Systems (Germany) GmbH	Research, development, marketing and trading of electronic products	Germany	100	100
Delta Energy Systems Property (Germany) GmbH (owned by Delta Energy Systems (Germany) GmbH)	Property rental	Germany	100	100
Delta Energy Systems (India) Pvt. Ltd.	Manufacture and trading of electronic products	India	100	100
Delta Energy Systems (Romania) S.R.L.	Research and development of electronic products	Romania	100	100
DET SGP Pte. Ltd.*	Holding business and marketing and after sales services	Singapore	100	100
Delta Greentech International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Greentech International (Singapore) Pte. Ltd.* (owned by Delta Greentech International Holding Limited)	Holding business	Singapore	100	100

* In process of liquidation

The subsidiaries which the Company owns through Delta Energy Systems (Switzerland) AG are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
Delta Energy Systems (Czech Republic), spol.s.r.o.	Trading of electronic products	Czech Republic	100	100
Delta Energy Systems (Spain) S.L.	Trading of electronic products	Spain	100	100
Delta Energy Systems (France) S.A.	Trading of electronic products	France	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2016	2015
			Percent	Percent
Delta Energy Systems (Italy) s.r.l.	Trading of electronic products	Italy	100	100
Delta Energy Systems (Sweden) AB	Trading of electronic products	Sweden	100	100
Delta Energy Systems (Finland) Oy	Manufacture and trading of electronic products	Finland	100	100
Delta Energy Systems (Poland) Sp.zo.o	Trading of electronic products	Poland	100	100
Delta Energy Systems LLC	Trading of electronic products	Russia	100	100

The subsidiaries which the Company owns through Delta Energy Systems (Singapore) Pte. Ltd. are as follow:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2016	2015
			Percent	Percent
Delta Energy Systems (Australia) Pty. Ltd.	Marketing and after sales services	Australia	100	100
Delta Greentech (Netherlands) Cooperaties UA	Holding business	The Netherlands	100	100
Delta Greentech (Netherlands) B.V. (owned by Delta Greentech (Netherlands) Cooperaties UA)	Holding business	The Netherlands	100	100
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	100	100
Delta Greentech (USA) Corporation (owned by Delta Greentech (Netherlands) B.V.)	Trading of electronic products	USA	100	100
Delta Greentech (Brazil) S/A (owned by Delta Greentech (Netherlands) B.V.)	Manufacture and trading of electronic products	Brazil	100	100
Delta Greentech (Curitiba) Limited* (owned by Delta Greentech (Brazil) S/A)	Engineering	Brazil	100	100
Delta Power Solutions (India) Pvt. Ltd.	Manufacture, research and development and trading of electronic products	India	100	100
Delta Electronics India Pvt. Ltd.	Manufacture, marketing and trading of electronic products	India	100	100
Delta Electronics (Myanmar) Co., Ltd.	Manufacture and trading of electronic products	Myanmar	100	100

* In process of liquidation

2.2.2 The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

2.2.3 Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- 2.2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 2.2.5 The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rates prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- 2.2.6 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost and net realisable value and are charged to production costs whenever consumed. The cost of inventories is measured using the standard cost method, which approximates actual cost.

4.5 Investments

Investments in subsidiary companies are accounted for in the separated financial statements using the cost method net of allowance for impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 3-32 years. Depreciation of the investment properties is recognised in profit or loss.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Building	10 - 50 years
Land improvement	5 - 10 years
Machinery and equipment	5 - 7 years
Molds	2 - 5 years
Installation	5 years
Furniture, fixtures and office equipment	5 - 7 years
Computer	3 - 5 years
Motor vehicles	5 years

Depreciation is recognised in profit or loss.

No depreciation is provided for land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, they are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets have the following useful lives:

	<u>Useful lives</u>
Patents	20 years
Computer software	3 years

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel and directors with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.11 Long-term leases

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are charged to profit or loss.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its

subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments, they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

The liabilities under the defined benefit plan consist of the present value of the defined benefit obligation less fair value of plan assets.

Net interest recognised in profit or loss consists of the interest cost on the defined benefit obligation net with the interest income on plan assets which calculated using the same rate as the discount rate applying for the post-employment benefit obligation.

Actuarial gains and losses from determining the measurement of the defined benefit obligation and return of plan assets net from interest income on plan assets are recognized immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Research and development expenses

The Company and its subsidiaries record research and development costs as expenses when incurred.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

4.18 Forward currency contracts

Forward currency contracts are presented in the financial statements at fair value. Any gains or losses arising from changes in the fair value of those forward currency contracts are recorded in profit or loss.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the

circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, debt collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment of the Company and its subsidiaries and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which these deferred tax assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Tax assessments

The Company and its subsidiaries have contingent liabilities as the result of tax assessments. The management has used judgement to assess of the results of the tax assessments and believes that no loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	11,094	10,562	With reference to market price
Purchase of raw materials	-	-	96	62	With reference to market price
Commission paid	-	-	267	246	Contract price
Design and engineering fee paid	-	-	1,237	1,003	Contract price

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,636	1,668	1,560	1,285	With reference to market price
Purchase of goods and raw materials	4,378	4,980	425	403	With reference to market price
Commission paid	494	392	494	392	Contract price
Design and engineering fee paid	616	217	616	217	Contract price
Commission received	127	69	-	-	Contract price
Services income	448	345	-	-	Contract price
Services paid	168	122	168	122	Contract price

The balances of the accounts as at 31 December 2016 and 2015 between the Company, its subsidiaries and those related companies are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables, related parties (Note 7)</u>				
Subsidiary companies	-	-	4,213	2,802
Other related companies (under common control)	588	520	375	356
Total trade receivables, related parties	<u>588</u>	<u>520</u>	<u>4,588</u>	<u>3,158</u>
<u>Amounts due from related parties (Note 7)</u>				
Subsidiary companies	-	-	31	-
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade payables, related parties (Note 14)</u>				
Subsidiary companies	-	-	21	19
Other related companies (under common control)	1,128	1,219	91	63
Total trade payables, related parties	<u>1,128</u>	<u>1,219</u>	<u>112</u>	<u>82</u>

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Amounts due to related parties (Note 14)</u>				
Subsidiary companies	-	-	201	232
Other related companies (under common control)	309	319	194	291
Total amounts due to related parties	<u>309</u>	<u>319</u>	<u>395</u>	<u>523</u>

Directors and management's benefits

During the year ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	144	150	53	62
Post-employment benefits	18	20	8	7
Total	<u>162</u>	<u>170</u>	<u>61</u>	<u>69</u>

7. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables, related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	581	518	4,027	2,894
Past due				
Up to 3 months	6	2	560	250
3 - 6 months	1	-	1	6
6 - 12 months	-	-	-	8
Total	<u>588</u>	<u>520</u>	<u>4,588</u>	<u>3,158</u>
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,821	8,048	3,878	3,535
Past due				
Up to 3 months	978	1,005	320	298
3 - 6 months	123	93	6	1
6 - 12 months	47	23	-	-
Over 12 months	85	90	-	-
Total	<u>10,054</u>	<u>9,259</u>	<u>4,204</u>	<u>3,834</u>
Total trade receivables	<u>10,642</u>	<u>9,779</u>	<u>8,792</u>	<u>6,992</u>
Less: Allowance for doubtful accounts	<u>(182)</u>	<u>(157)</u>	<u>(4)</u>	<u>(3)</u>
Total trade receivables - net	<u>10,460</u>	<u>9,622</u>	<u>8,788</u>	<u>6,989</u>
<u>Other receivables</u>				
Amounts due from related parties (Note 6)	-	-	31	-
Other receivables	<u>237</u>	<u>193</u>	<u>163</u>	<u>159</u>
Total other receivables	<u>237</u>	<u>193</u>	<u>194</u>	<u>159</u>
Trade and other receivables - net	<u>10,697</u>	<u>9,815</u>	<u>8,982</u>	<u>7,148</u>

8. Inventories

(Unit: Million Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Finished goods	4,544	3,661	(590)	(501)	3,954
Work in process	658	675	-	-	658	675
Raw materials	2,498	2,293	(378)	(386)	2,120	1,907
Goods in transit	565	399	-	-	565	399
Total	8,265	7,028	(968)	(887)	7,297	6,141

(Unit: Million Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Finished goods	2,352	1,826	(169)	(132)	2,183
Work in process	584	552	-	-	584	552
Raw materials	1,607	1,451	(168)	(198)	1,439	1,253
Goods in transit	243	167	-	-	243	167
Total	4,786	3,996	(337)	(330)	4,449	3,666

9. Other current assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Input tax refundable	314	403	81	97
Advance payments	153	169	32	28
Prepaid expenses	83	65	8	4
Prepaid tax	234	163	-	-
Forward contracts receivable (Note 26)	6	13	-	2
Others	28	34	11	11
Total other current assets	818	847	132	142

10. Investments in subsidiary companies

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	(Unit: Million Baht)				
	Paid-up capital			Cost	
	<u>Foreign</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>currency</u>	(Million)	(Million)		
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Energy Systems (Switzerland) AG	CHF	20	20	2,415	2,415
Delta Green Industrial (Thailand) Company Limited	THB	200	190	200	190
Delta Energy Systems (Singapore) Pte. Ltd.	USD	53	51	1,704	1,621
Subtotal				13,769	13,676
Less: Allowance for impairment loss of investments in subsidiary companies				(2,196)	(2,196)
Investments in subsidiary companies - net				11,573	11,480

During the year, the Company made additional investment in Delta Energy Systems (Singapore) Pte. Ltd. of approximately USD 2.3 million, or approximately Baht 83 million. The purposes of the additional investment in the subsidiaries of Delta Energy Systems (Singapore) Pte. Ltd. are to provide working capital for the subsidiaries in Australia and Myanmar.

On 25 November 2016, the Board of Directors of Delta Green Industrial (Thailand) Company Limited passed a resolution to call up the remaining value of the ordinary shares, amounting to Baht 10 million (20,000,000 ordinary shares of Baht 0.5 each) from the Company. During the year, the Company has made payment of the ordinary shares.

These additional investments had no impact on the structure of the Group.

No dividend was received from the above subsidiary companies during the years ended 31 December 2016 and 2015.

11. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Million Baht)

	Consolidated financial statements		
	Land for rent	Office building for rent	Total
31 December 2016:			
Cost	44	247	291
<u>Less</u> Accumulated depreciation	-	(34)	(34)
Translation adjustment	(8)	(38)	(46)
Net book value (Note 26)	<u>36</u>	<u>175</u>	<u>211</u>
31 December 2015:			
Cost	44	247	291
<u>Less</u> Accumulated depreciation	-	(25)	(25)
Translation adjustment	(6)	(30)	(36)
Net book value (Note 26)	<u>38</u>	<u>192</u>	<u>230</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Book value at beginning of year	230	245
Depreciation charged	(9)	(10)
Translation adjustment	(10)	(5)
Book value at end of year	<u>211</u>	<u>230</u>

The Company and its subsidiaries believe that the book value of investment properties as at 31 December 2016 as stated in the financial statements is closed to the fair value.

12. Property, plant and equipment

(Unit: Million Baht)

	Consolidated financial statements							Total	
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer		Others
Cost:									
1 January 2015	511	2,945	6,514	1,154	1,271	32	516	473	13,416
Purchase/transfer in	-	241	716	88	130	633	72	111	1,991
Disposal/write-off/transfer out	-	(46)	(1,056)	(97)	(69)	(555)	(60)	(90)	(1,973)
Translation adjustment	5	5	(9)	-	-	-	(2)	-	(1)
31 December 2015	516	3,145	6,165	1,145	1,332	110	526	494	13,433
Purchase/transfer in	366	138	1,095	135	129	553	64	213	2,693
Disposal/write-off/transfer out	-	(68)	(844)	(71)	(88)	(523)	(82)	(151)	(1,827)
Translation adjustment	(7)	(64)	(48)	-	(12)	(1)	(9)	(9)	(150)
31 December 2016	875	3,151	6,368	1,209	1,361	139	499	547	14,149
Accumulated depreciation:									
1 January 2015	-	636	5,471	1,072	867	-	468	351	8,865
Depreciation for the year	-	70	482	82	68	-	38	29	769
Depreciation - disposal/write-off	-	(19)	(1,047)	(95)	(69)	-	(60)	(16)	(1,306)
Translation adjustment	-	3	(5)	-	1	-	(2)	(1)	(4)
31 December 2015	-	690	4,901	1,059	867	-	444	363	8,324
Depreciation for the year	-	70	514	97	84	-	52	35	852
Depreciation - disposal/write-off	-	(5)	(811)	(70)	(87)	-	(82)	(22)	(1,077)
Translation adjustment	-	(11)	(45)	-	(5)	-	(8)	(7)	(76)
31 December 2016	-	744	4,559	1,086	859	-	406	369	8,023

12. Property, plant and equipment (continued)

(Unit: Million Baht)

	Consolidated financial statements								Total
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	
Allowance for impairment loss:									
1 January 2015	-	163	11	-	15	-	-	1	190
Increase during the year	-	4	-	-	-	-	-	-	4
Decrease during the year	-	(27)	-	-	-	-	-	-	(27)
31 December 2015	-	140	11	-	15	-	-	1	167
Decrease during the year	-	-	(7)	-	-	-	-	-	(7)
31 December 2016	-	140	4	-	15	-	-	1	160
Net book value:									
As at 31 December 2015	516	2,315	1,253	86	450	110	82	130	4,942
As at 31 December 2016	875	2,267	1,805	123	487	139	93	177	5,966
Depreciation for the year									
Year 2015 (Baht 580 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									769
Year 2016 (Baht 621 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									852

12. Property, plant and equipment (continued)

(Unit: Million Baht)

	Separate financial statements							Total	
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer		Others
Cost:									
1 January 2015	313	1,398	5,235	1,140	967	28	216	121	9,418
Purchase/transfer in	-	69	644	88	112	291	38	78	1,320
Disposal/write-off/transfer out	-	(46)	(1,004)	(97)	(67)	(235)	(33)	(85)	(1,567)
31 December 2015	313	1,421	4,875	1,131	1,012	84	221	114	9,171
Purchase/transfer in	-	114	930	135	127	363	30	125	1,824
Disposal/write-off/transfer out	-	-	(765)	(67)	(59)	(344)	(19)	(139)	(1,393)
31 December 2016	313	1,535	5,040	1,199	1,080	103	232	100	9,602
Accumulated depreciation:									
1 January 2015	-	416	4,373	1,058	747	-	198	95	6,887
Depreciation for the year	-	24	406	81	49	-	15	4	579
Depreciation - disposal/write-off	-	(19)	(1,002)	(95)	(67)	-	(33)	(14)	(1,230)
31 December 2015	-	421	3,777	1,044	729	-	180	85	6,236
Depreciation for the year	-	25	426	97	64	-	24	5	641
Depreciation - disposal/write-off	-	-	(733)	(66)	(59)	-	(19)	(11)	(888)
31 December 2016	-	446	3,470	1,075	734	-	185	79	5,989

12. Property, plant and equipment (continued)

(Unit: Million Baht)

	Separate financial statements							Total	
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer		Others
Allowance for impairment loss:									
1 January 2015	-	163	11	-	15	-	-	1	190
Increase during the year	-	4	-	-	-	-	-	-	4
Decrease during the year	-	(27)	-	-	-	-	-	-	(27)
31 December 2015	-	140	11	-	15	-	-	1	167
Decrease during the year	-	-	(7)	-	-	-	-	-	(7)
31 December 2016	-	140	4	-	15	-	-	1	160
Net book value:									
As at 31 December 2015	313	860	1,087	87	268	84	41	28	2,768
As at 31 December 2016	313	949	1,566	124	331	103	47	20	3,453
Depreciation for the year									
Year 2015 (Baht 513 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									579
Year 2016 (Baht 528 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									641

As at 31 December 2016, certain items of building, machinery and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately of Baht 4,836 million (2015: Baht 6,051 million) (The Company only: Baht 4,387 million, 2015: Baht 4,573 million).

13. Other intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

	Consolidated financial statements				Separate financial statements
	Computer			Total	Computer software
	Patent rights	software	Others		
	(Unit: Million Baht)				
Cost:					
1 January 2015	1,082	238	9	1,329	79
Purchase	-	11	15	26	4
Disposals	-	(4)	-	(4)	-
Translation adjustment	103	(2)	(1)	100	-
31 December 2015	1,185	243	23	1,451	83
Purchase	-	7	3	10	-
Disposals	-	(5)	-	(5)	-
Translation adjustment	(9)	(7)	4	(12)	-
31 December 2016	1,176	238	30	1,444	83
Accumulated amortisation:					
1 January 2015	544	199	3	746	71
Amortisation for the year	56	24	19	99	6
Disposals	-	(4)	-	(4)	-
Translation adjustment	55	(1)	(3)	51	-
31 December 2015	655	218	19	892	77
Amortisation for the year	58	17	2	77	3
Disposals	-	(5)	-	(5)	-
Translation adjustment	(4)	(6)	3	(7)	-
31 December 2016	709	224	24	957	80
Net book value:					
31 December 2015	530	25	4	559	6
31 December 2016	467	14	6	487	3

14. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - related parties (Note 6)	1,128	1,219	112	82
Trade payables - unrelated parties	6,259	5,187	5,180	4,126
Amount due to related parties (Note 6)	309	319	395	523
Other payables	954	761	858	684
Accrued expenses	2,499	2,487	1,582	1,590
Advance received	200	300	81	118
Total trade and other payables	11,349	10,273	8,208	7,123

15. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Forward contracts payable (Note 26)	99	32	40	13
Withholding tax payable	176	114	81	78
Value added tax payable	89	124	-	-
Others	197	251	11	18
Total other current liabilities	561	521	132	109

16. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Defined benefit obligation	(2,431)	(2,458)	(259)	(263)
Fair value of plan assets	972	1,009	-	-
Provisions for long-term employee benefits as at				
31 December	(1,459)	(1,449)	(259)	(263)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Defined benefit obligation at beginning of year	(2,458)	(2,263)	(263)	(228)
Included in profit or loss:				
Current service cost	(66)	(67)	(23)	(28)
Interest cost	(43)	(49)	(11)	(14)
Administration cost exclude cost for managing plan assets	-	(1)	-	-
Included in other comprehensive income:				
Actuarial gain (loss) arising from				
Demographic assumptions changes	6	-	13	-
Financial assumptions changes	20	(80)	41	-
Experience adjustments	(63)	(21)	(33)	-
Contribution by plan participants	(13)	(14)	-	-
Benefits paid during the year	99	109	17	7
Translation adjustments	87	(72)	-	-
Defined benefit obligation at end of year	(2,431)	(2,458)	(259)	(263)

The change in the fair value of plan assets is as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Fair value of plan assets at beginning of year	1,009	929	-	-
Included in profit or loss:				
Interest income on plan assets	10	13	-	-
Included in other comprehensive income:				
Return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset)	(1)	9	-	-
Contributions by employer	18	20	-	-
Contribution by plan participants	13	14	-	-
Benefits paid during the year	(42)	(62)	-	-
Translation adjustments	(35)	86	-	-
Fair value of plan assets at end of year	972	1,009	-	-

The amount of each major category constitutes of the fair value of the total plan assets are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Debt securities	209	224	-	-
Equity securities	211	216	-	-
Properties	403	404	-	-
Others	149	165	-	-

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current service cost	66	67	23	28
Interest cost	43	49	11	14
Less: Interest income on plan assets	(10)	(13)	-	-
Administration cost exclude cost for managing plan assets	-	1	-	-
Total expenses recognised in profit or loss	99	104	34	42
Line items in profit or loss under which such expenses are included				
Cost of sales	21	28	19	24
Selling, administrative and research and development expenses	78	76	15	18

The Company and its subsidiaries expect to pay Baht 81 million of long-term employee benefits during the next year (Separate financial statements: Baht 9 million) (2015: Baht 79 million, separate financial statements: Baht 9 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit of the Company and its subsidiaries is 9-23 years (Separate financial statements: 14 years) (31 December 2015: 11-22 years, separate financial statements: 17 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	0.5 - 7.1	0.8 - 8.0	2.6	4.3
Interest rate	1.0	1.0	-	-
Future salary increase rates (depending on age)	0.8 - 9.0	1.2 - 11.0	3.0 - 9.0	7.0 - 11.0
Pension increase rate	1.5	0.3 - 2.0	-	-

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

As at 31 December 2016

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.25%-10%	Decrease 0.25%-10%	Increase 1%-10%	Decrease 1%-10%
Discount rate	Decrease 146	Increase 154	Decrease 30	Increase 26
Interest rate	Increase 11	Decrease 10	-	-
Future salary increase rates (depending on age)	Increase 28	Decrease 35	Increase 25	Decrease 29
Pension increase rate	Increase 61	Decrease 55	-	-

(Unit: Million Baht)

As at 31 December 2015

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.25%-1%	Decrease 0.25%-1%	Increase 1%	Decrease 1%
Discount rate	Decrease 152	Increase 171	Decrease 29	Increase 34
Interest rate	Increase 9	Decrease 9	-	-
Future salary increase rates (depending on age)	Increase 43	Decrease 32	Increase 33	Decrease 29
Pension increase rate	Increase 69	Decrease 63	-	-

17. Provisions

	Consolidated financial statements			Separate financial statements		
	Restructuring costs	Warranty	Other provisions	Total	Warranty	Total
Balance as at 1 January 2015	15	318	91	424	176	176
Recognition during year	3	357	293	653	39	39
Decrease during year	(5)	-	(18)	(23)	-	-
Reversal during year	(4)	(204)	(311)	(519)	-	-
Translation adjustment/unrealised loss on exchange rate	-	30	(4)	26	20	20
Balance as at 31 December 2015	9	501	51	561	235	235
Recognition during year	-	335	118	453	69	69
Decrease during year	(5)	(15)	(19)	(39)	-	-
Reversal during year	-	(301)	96	(397)	(35)	(35)
Translation adjustment/unrealised gain on exchange rate	-	(10)	-	(10)	(4)	(4)
Balance as at 31 December 2016	4	510	54	568	265	265
Short-term provisions	9	134	13	156	-	-
Long-term provisions	-	367	38	405	235	235
Balance as at 31 December 2015	9	501	51	561	235	235
Short-term provisions	4	82	8	94	-	-
Long-term provisions	-	428	46	474	265	265
Balance as at 31 December 2016	4	510	54	568	265	265

(Unit: Million Baht)

18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

19. Dividends

Dividends declared in 2016 and 2015 consisted of the followings:

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividend for year 2015	Annual General Meeting of the shareholders on 5 April 2016	3,867	3.10
Final dividend for year 2014	Annual General Meeting of the shareholders on 30 March 2015	3,742	3.00

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries, wages and other employee benefits	8,034	7,648	4,429	4,280
Raw materials used and purchase of finished goods	28,508	28,104	19,741	18,285
Changes in inventories of finished goods and work in progress	(866)	(896)	(558)	(339)
Depreciation	861	779	641	579
Amortisation of intangible assets	77	99	3	6
Commission expenses	663	594	862	767
Marketing fee	12	37	9	10
Design and engineering fee	713	642	1,853	1,221
Services paid	168	122	168	122

21. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	(146)	(229)	(5)	(15)
Adjustment in respect of income tax of previous year	(12)	(30)	(8)	(4)
Deferred tax:				
Increase (decrease) in deferred tax assets	6	(24)	-	-
Increase in deferred tax liabilities	(13)	(12)	-	-
Translation adjustment	(5)	20	-	-
Income tax expenses reported in the statement of comprehensive income	(170)	(275)	(13)	(19)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit before tax	5,686	6,989	5,384	6,322
Income tax at Thai corporate income tax rate of 20%	(1,137)	(1,398)	(1,077)	(1,264)
Adjust in respect to current income tax of previous years	(12)	(30)	(8)	(4)
Tax savings from the tax privileges granted by the government	1,140	1,359	1,071	1,285
Difference in tax rates of subsidiaries in overseas countries	(41)	(27)	-	-
Tax effect of loss for the current year	(13)	(38)	-	-
Effects of non-deductible expenses	(44)	(49)	-	(24)
Others	(63)	(92)	1	(12)
Income tax expenses reported in the statement of comprehensive income	(170)	(275)	(13)	(19)

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries are 0% to 40%.

As of 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Allowance for doubtful accounts	30	23	-	-
Allowance for diminution in value of inventories	121	91	-	-
Bonus payable	26	23	-	-
Provision for warranty	18	25	-	-
Tax savings from promotional privileges	53	77	-	-
Tax loss brought forward	5	5	-	-
Others	46	49	-	-
Total	<u>299</u>	<u>293</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities				
Difference depreciation for tax purpose	82	69	-	-
Total	<u>82</u>	<u>69</u>	<u>-</u>	<u>-</u>

As at 31 December 2016 the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,789 million, INR 978 million or approximately Baht 513 million, EUR 55 million or approximately Baht 2,062 million, CHF 20 million or approximately Baht 688 million and RUB 59 million or approximately Baht 34 million (2015: Baht 3,710 million, INR 805 million or approximately Baht 435 million, EUR 57 million or approximately Baht 2,237 million, CHF 19 million or approximately Baht 704 million and RUB 53 million or approximately Baht 28 million). No deferred tax assets have been recognised on these amounts as the Company has been granted tax privileges by the Board of Investment and the subsidiaries have determined that they may not be able to utilise the deductible temporary difference and unused tax losses because they do not yet have any taxable profits and they are unable to estimate the benefit they would generate from utilisation of such deductible temporary difference and unused tax losses.

22. Promotional privileges

The Company and a subsidiary in Thailand were granted promotional privileges by the Board of Investment subject to certain significant conditions. Significant privileges of the Company and the subsidiary in Thailand are as follows:

Details	The Company										A subsidiary in Thailand	
	1710(2)/2549	1541(2)/2552	1494(2)/2552	2061(1)/2553	1732(2)/2557	1158(2)/2558	1688(2)/2558	1813(2)/2554	1814(2)/2554			
1. Certificate No.												
2. Promotional privileges for	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Manufacturing of telecommunication equipment and electronics products for vehicle	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Manufacturing of Inverter	Manufacturing of electric light bulbs and display monitor			
3. The significant privileges are												
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	8 years	8 years	7 years (Maximum amount Baht 298,170,000)	8 years	7 years (Maximum amount Baht 124,000,000)	5 years (Maximum amount Baht 155,000,000)	7 years (Maximum amount Baht 200,000,000)	7 years (Maximum amount Baht 182,000,000)	7 years (Maximum amount Baht 199,000,000)			
3.2 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted			
3.3 Exemption from import duty on raw materials and significant supplies used in export production.	Non - granted	Granted	Granted	Non - granted	Granted	Granted	Granted	Granted	Granted			
3.4 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Non - granted	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted			
3.5 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income.	Non - granted	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted			
3.6 Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Non - granted	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted			
4. Date of first earning operating income	27 January 2009	4 January 2010	15 March 2013	10 January 2015	Waiting for approval to commence operation							
5. Additional right and benefit	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	-	-	-	-			

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
<u>Separate financial statements</u>						
Sales and service income						
Domestic sales	356	390	96	97	452	487
Export sales	33,300	31,241	104	96	33,404	31,337
Total Sales and service income	33,656	31,631	200	193	33,856	31,824

Significant tax privileges which were granted to other subsidiaries of the Company are as follows:

- Delta Electronics (Slovakia) s.r.o. was granted tax privileges by the Government of Slovakia for the manufacture of Power Supply and Solar inverters on 22 December 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 10 years from the year in which the promoted operations commenced, which was 2010. The exemption is capped at EUR 6.2 million.
- Delta Power Solutions (India) Pvt. Ltd. was granted tax privileges by the Government of India for the manufacture of Telecom Power Systems and Uninterruptible Power Supplies on 1 April 2008. The privileges include exemption from corporate income tax for a period of 5 years from the date the promoted operations commence generating revenues and a 30% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

23. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the years ended 31 December 2016 and 2015 which is provided to the president of the group, who is the chief operating decision maker of the Company and its subsidiaries.

(Unit: Million Baht)

	Power electronics segment ¹⁾		Energy management segment ²⁾		Smart green life segment ³⁾		Others		Consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue										
Revenue from external customers	32,985	32,179	13,160	13,893	497	318	245	548	46,887	46,938
Total revenue	32,985	32,179	13,160	13,893	497	318	245	548	46,887	46,938

(Unit: Million Baht)

	Power electronics segment ¹⁾		Energy management segment ²⁾		Smart green life segment ³⁾		Others		Consolidated financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Segment profit (loss)	5,677	6,423	485	784	(3)	(44)	(1,062)	(951)	5,097	6,212
Unallocated income (expenses):										
Interest income									197	224
Gain on exchange rate									183	412
Other income									384	419
Other expenses									(130)	(239)
Finance cost									(45)	(39)
Profit before income tax expenses									5,686	6,989
Income tax expenses									(170)	(275)
Profit for the year									<u>5,516</u>	<u>6,714</u>

- 1) The power electronics segment is a business segment which designs, manufactures, and sales of power supplies applied to computer, server, office automation equipment, household electric appliances and automotive electronic products. The main products are DC-DC Converter, Power supply for Computer & Server, DES product, Automotive electronic product, Fan and thermal product, Adaptor product for industrial and private consumer, Solenoid and EMI filters etc.
- 2) The energy management segment is a business segment which designs, manufactures, and sales of power supplies/converters and electromechanical products applied to communication, information, network and renewable energy. The main products are Telecom Power System, Industrial Power System, Uninterruptible Power Supplies (UPS), Photovoltaic Inverter (PIV) and Industrial automation product etc.
- 3) The smart green life segment is a business segment which designs, manufactures, and sales of LED lighting product and display solutions.

Geographic information:

Revenue from external customers is based on locations of the customers

(Unit: Million Baht)

	<u>2016</u>	<u>2015</u>
United States	11,807	13,247
India	6,804	6,548
China	6,759	5,491
Germany	5,428	4,466
Taiwan	2,442	2,597
Others	13,647	14,589
Total	<u>46,887</u>	<u>46,938</u>

Non-current assets

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
(Other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	3,458	2,838
India	1,236	781
Slovakia	1,032	1,087
Germany	398	448
Others	540	577
Total	<u>6,664</u>	<u>5,731</u>

Major customer

For the year 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at rates of 7 percent of basic salary (2015: 7 percent of basic salary). The fund, which is managed by TMB Bank Public Company Limited, will be paid to employees upon termination or when employees are promoted to a manager post, in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 76 million (2015: Baht 74 million) were recognised as expenses.

The provident funds of the subsidiaries and their employees have been established in accordance with each subsidiary's policies and the law of its country of domicile.

25. Commitments and contingent liabilities

25.1 Capital commitments and operating lease commitments

25.1.1 As at 31 December 2016, the Company and its subsidiaries had significant capital commitments amounting to INR 13 million or approximately Baht 7 million in respect of the building construction (2015: 3 million and INR 47 million or approximately Baht 25 million), amounting to INR 415 million or approximately Baht 218 million in respect of the purchase of land and amounting to Baht 301 million, EUR 1 million or approximately Baht 46 million and INR 16 million or approximately Baht 9 million in respect of the purchase of machinery and equipment (2015: Baht 221 million, EUR 1 million or approximately Baht 44 million and INR 57 million or approximately Baht 31 million).

25.1.2 As at 31 December 2016 and 2015, future minimum lease payments required under these operating lease commitments were as follows.

(Unit: Million Baht)

		As at 31 December 2016		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million)			
Polish zloty	2	-	21	-
Swiss franc	1	19	2	-
Indian rupee	58	13	10	7
Euro	3	74	33	1
	Total	106	66	8

(Unit: Million Baht)

		As at 31 December 2015		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million)			
Polish zloty	1	1	5	-
Swiss franc	1	22	6	-
Indian rupee	57	9	15	8
Euro	2	54	41	1
	Total	86	67	9

25.2 Guarantee obligations

As at 31 December 2016, the Company and its subsidiaries had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

25.2.1 Outstanding letters of guarantee totaling approximately Baht 1,336 million (2015: Baht 1,164 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 1,308 million (2015: Baht 1,137 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 25.3.1 to the financial statements).

25.2.2 Outstanding letters of guarantee for totals of approximately INR 740 million or approximately Baht 388 million, EUR 0.9 million or approximately Baht 33 million and USD 0.9 million or approximately Baht 32 million have been issued by banks to meet requirements of its subsidiaries (2015: INR 582 million or approximately Baht 315 million, EUR 1 million or approximately Baht 42 million and USD 0.9 million or approximately Baht 33 million).

25.3 Tax assessment

25.3.1 a. In 2006, the Company received a corporate income tax assessment notice from the Revenue Department, covering the years 1997 through 2000, and assessing tax amounting to approximately Baht 740 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department (“the Committee”), and during 2011, the Committee decided to reduce the assessment to approximately Baht 734 million (including penalties and surcharges). However, the Company petitioned the Central Tax Court to consider revoking this tax assessment and during 2012, the Central Tax Court ordered a 50% reduction of the penalties (reduced to Baht 121 million from the amount of Baht 241 million previously calculated by the Revenue Department), while the Company’s remaining petitions were dismissed. However, the Company did not agree with the Central Tax Court’s judgement and therefore submitted a letter appealing the judgement of the Central Tax Court to the Supreme Court. The appeal is currently under the consideration of the Supreme Court.

b. In 2012, the Company received notice of corporate income tax assessment covering the years 2001 through 2004 from the Revenue Department, assessing tax amounting to approximately Baht 401 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department. During 2013, the Committee rejected the Company’s appeal. The Company therefore petitioned the Central Tax Court to consider revoking this tax assessment. On 24 June 2014, the Central Tax Court ordered a reduction of the penalties and surcharges to Baht 201 million from the amount of Baht 270 million previously calculated by the Revenue Department, while the Company’s remaining petitions were dismissed. However, the Company did not agree with the Central Tax Court’s judgement and therefore submitted a letter appealing the judgement of the Central Tax Court to the Supreme Court. The appeal is currently under the consideration of the Supreme Court.

However, the independent legal counselor of the Company believes that eventually the Company will win the above 2 cases and therefore the Company has not recorded provision for the tax assessments in the accounts.

- c. In 2015, the Company received tax assessment notices for the year 2005 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 1.96 million and specific business tax amounting to approximately Baht 0.06 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee. In addition, during the current year, the Company received tax assessment notices for the year 2006 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 169 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 2 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

However, the Company believes that the assessments will have no significant impact to the Company and therefore provision for the tax assessments has not been recorded in the accounts.

- 25.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 55 million or approximately Baht 29 million, covering the years 2003 - 2015, and sales tax and excise duties of approximately INR 256 million or approximately Baht 134 million, covering the years 2005 - 2015, against the subsidiaries in India. The subsidiaries have appealed the assessments. The management of the subsidiaries believe that the outcome of the cases will be favorable to the companies and therefore no provision for these contingent liabilities have been made in the accounts.

26. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had certain assets and liabilities that were measured or disclosed at fair value using different level inputs (as mentioned in Note 4.19 to the financial statements) as follows:

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 9)	-	6	-	6
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	99	-	99
Assets for which fair value are disclosed				
Investment properties (Note 11)	-	-	211	211

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 9)	-	13	-	13
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	32	-	32
Assets for which fair value are disclosed				
Investment properties (Note 11)	-	-	230	230

(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	40	-	40

(Unit: Million Baht)

Separate financial statements

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 9)	-	2	-	2
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	13	-	13

27. Financial instruments

27.1 Financial risk management

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade receivables, other receivables, investments, short-term loans, trade payables and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit Risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The exposure of the Company and its subsidiaries to interest rate risk relates primarily to their cash at banks, bank overdrafts and short-term loans. However, since most of the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						Interest rate (% p.a.)
	As at 31 December 2016						
	Fixed interest rates			Floating	Non-interest	Total	
Within 1 year	1-5 years	Over 5 years	interest rate	bearing			
Financial assets							
Cash and cash equivalents	776	-	-	16,467	2,442	19,685	0.01 - 6.00
Current investments	431	-	-	-	-	431	0.01 - 0.40
Trade and other receivables	-	-	-	-	10,697	10,697	-
Deposits at bank with restrictions	55	-	-	-	-	55	0.01 - 6.79
Total	1,262	-	-	16,467	13,139	30,868	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial liabilities							
Bank overdraft and short-term							
loans from financial institutions	185	-	-	-	136	321	2.70 - 8.90
Trade and other payables	-	-	-	-	11,349	11,349	-
Total	185	-	-	-	11,485	11,670	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2015

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	1,990	-	-	17,411	1,087	20,488	0.01 - 6.70
Trade and other receivables	-	-	-	-	9,815	9,815	-
Deposits at bank with restrictions	73	-	-	-	-	73	0.01 - 4.00
Total	2,063	-	-	17,411	10,902	30,376	

(% p.a.)

Financial liabilities

Bank overdraft and short-term

loans from financial institutions	190	-	-	-	-	190	1.03
Trade and other payables	-	-	-	-	10,273	10,273	-
Total	190	-	-	-	10,273	10,463	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	12,167	17	12,184	0.10 - 1.75
Trade and other receivables	-	-	-	-	8,982	8,982	-
Total	-	-	-	12,167	8,999	21,166	
Financial liabilities							
Trade and other payables	-	-	-	-	8,208	8,208	-
Total	-	-	-	-	8,208	8,208	

(% p.a.)

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2015							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	12,897	15	12,912	0.10 - 1.85
Trade and other receivables	-	-	-	-	7,148	7,148	-
Total	-	-	-	12,897	7,163	20,060	
Financial liabilities							
Trade and other payables	-	-	-	-	7,123	7,123	-
Total	-	-	-	-	7,123	7,123	

Foreign currency risk

The exposure of the Company and its subsidiaries to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward contracts when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2016 and 2015, the balances of the financial assets and liabilities denominated in foreign currencies are summarised below:

Foreign currency	As at 31 December					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	182	184	155	134	35.8307	36.0886
Euro	11	15	2	2	37.7577	39.4388
Japanese yen	70	78	391	325	0.3080	0.2996
Czech koruna	15	1	-	-	1.3912	1.4581
Polish zloty	4	6	1	1	8.5295	9.3132

As at 31 December 2016 and 2015, the outstanding forward contracts are summarised below:

Forward contracts

As at 31 December 2016						
	Amount		Forward rate		Maturity date	
Forward contracts to “Sell”						
USD/THB	USD	141 million	34.66000 - 36.06500	THB/USD	January - April 2017	
USD/CHF	USD	18 million	1.00420 - 1.02310	CHF/USD	January 2017	
EUR/SEK	EUR	1 million	9.70630	SEK/EUR	January 2017	
USD/TRY	USD	2 million	3.51030	TRY/USD	January 2017	
EUR/TRY	EUR	1 million	3.60950	TRY/EUR	January 2017	
PLN/CHF	PLN	2 million	4.11450 - 4.12750	PLN/CHF	January 2017	
Forward contracts to “Buy”						
USD/INR	USD	12 million	67.77670 - 69.04000	INR/USD	January 2017	
EUR/CHF	EUR	2 million	1.07230 - 1.07796	CHF/EUR	January 2017	
EUR/USD	EUR	13 million	1.04670 - 1.07740	USD/EUR	January 2017	
USD/AUD	USD	2 million	0.72880 - 0.74802	USD/AUD	January 2017	
USD/BRL	USD	2 million	3.36900 - 3.47460	BRL/USD	January 2017	
JPY/THB	JPY	110 million	0.31460 - 0.33950	THB/JPY	January - February 2017	

As at 31 December 2015						
	Amount		Forward rate		Maturity date	
Forward contracts to “Sell”						
USD/THB	USD	123 million	35.42500 - 36.91000	THB/USD	January - April 2016	
USD/CHF	USD	16 million	0.98480 - 1.01800	CHF/USD	January 2016	
EUR/CHF	EUR	3 million	1.07807 - 1.07930	CHF/EUR	January 2016	
USD/TRY	USD	1 million	2.91800 - 2.92980	TRY/USD	January 2016	
EUR/TRY	EUR	2 million	3.18300 - 3.25850	TRY/EUR	January 2016	
PLN/CHF	PLN	4 million	3.92300 - 3.96440	PLN/CHF	January 2016	
USD/BRL	USD	1 million	3.92640	BRL/USD	January 2016	
Forward contracts to “Buy”						
USD/INR	USD	12 million	66.78350 - 67.14500	INR/USD	January 2016	
EUR/CHF	EUR	1 million	1.08450	CHF/EUR	January 2016	
EUR/USD	EUR	7 million	1.08720 - 1.09628	USD/EUR	January 2016	
USD/AUD	USD	3 million	0.71290 - 0.73040	USD/AUD	January - February 2016	

27.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives.

28. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.45:1 (2015: 0.43:1) and the Company's was 0.28:1 (2015: 0.25:1).

29. Events after the reporting period

On 14 February 2017, the meeting of the Board of Directors passed a resolution to dispose of its 51% equity interest in Delta Energy Systems (Switzerland) AG. and Delta Greentech Electronics Industry LLC and also to dispose of its 100% equity interest in Delta Greentech (USA) Corporation and Delta Greentech (Brazil) SA, for a total consideration of USD 24.85 million, to a related company. The transactions are expected to be completed in first quarter of 2017. The related company shall sell all of its 100% investment in Eltek, s.r.o. ("Eltek SK") at price of approximately USD 22 million, as part of the payment for purchase the above-mentioned subsidiaries. The remaining purchase price of USD 2.85 million shall be paid in cash.

30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 14 February 2017.