



CORPORATE GOVERNANCE REPORT

The Board of Directors realized the importance of operating its business under good corporate governance in an attempt to promote sustainable growth and development. The corporate governance policy has been prepared and implemented since 2007. The policy has been disclosed on the Company's website, externally on www.deltathailand.com for public access as well as internally on intranet for employee's access. The policy covers 5 major categories as followed;

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

(Further details of the Company's Corporate Governance Policies can be read from the Company's website: www.deltathailand.com)

With determination to act as guided by the policy, the Company has been rated "Very Good" scoring on the Corporate Governance Rating surveyed by Thai Institute of Directors Association (IOD) with supports from The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). The implementation on the good corporate governance activities during the year 2010 can be summarized as follows.

Rights of Shareholders

The Company generally holds an annual general meeting of shareholders (AGM) once a year within four months after each fiscal year end. And meeting is conducted in accordance with the good governance principles. Shareholders are allowed to exercise their full rights and vote at the meeting. With determination to act as guided by the policy, the Company has been rated "Excellent" for the high standard of annual general meeting conducted in the year 2010 from the Thai Investors Association. The Company is 1 of the 63 top-ranking companies (out of total 476 listed companies) who obtained a full score of 100 and achieved the "Excellent" level of rating for 4 consecutive years.

In 2010, the AGM was held on April 5th, 2010. The Company provided shuttle services at an easily accessible location and near BTS Station for shareholders who wished to attend 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 14 days prior to the AGM date. At the same time, it announced the call for the AGM meeting on a Thai daily newspaper for three consecutive days and at least three days before the meeting date. All those documents were also made available to the shareholders on the Company's website for 30 days in advance. 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 others. On meeting date, attendance registration commenced approximately 1 hour before the meeting started. Shareholders who came late were allowed to vote for the remaining agenda. Barcode system had been employed to facilitate the attendance registration and vote count. Duty stamps were available to shareholders without charges.

There were 8 directors out of 9 attended the meeting. The Chairman of the Board, Chairman of all sub-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 had similar to what were done in prior year. 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).

Votes are not allowed to shareholders who have interests related to any particular agenda. For the election of directors, individual votes are required. At the time of voting, in order to expedite the process, only the ballots voted for objections and abstentions were collected and deducted from total votes which attended the meeting and eligible to vote and kept for later inspection. There was no any objection or request for re-inspection from shareholders on such arrangement. The meeting proceeded according to the agenda and had no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A representative from the Company's legal advisor, Weerawong, Chinnavat & Peangpnor Ltd (WCP), was appointed to help inspect the vote count. During the meeting, shareholders were allowed to voice their opinions and raise questions in appropriate time. In fact, shareholders may submit their questions by e-mail to info@deltathailand.com, mail or fax to the Company before the meeting date. However, in the meeting, the Board will only attend the questions that related to the Company's operations or considered to create material impact on the operating results.



*2010 Annual General Meeting,
April 5, 2010*

Minutes of meeting recorded in writing every resolution, showing the number of approval, objection and abstention votes for each agenda. Questions, response, and opinions arose during the meeting were fully documented in order to examine afterwards. Report of

the meeting had been disclosed on the website of the SET as well as and the Company's within 14 days after the meeting date (Please find further details in the 2010 Minutes of Annual General Meeting posted on the Company's website

At the meeting, before getting into the agenda, the Chief Executive Officer gave speech on direction of the company business operation for the year to come. New products were displayed with company officers to clarify and answer questions to shareholders for more understanding on both products and business operation. Plant visit was also arranged for shareholders who want to visit factory. Wellgrow Industrial Estate, Chachoengsao province was destination whereas Bangpoo Industrial Estate was for last year.

Another special shareholders' meeting No. 1 / 2010 was also held on September 20, 2010 to seek approval for issuance of warrants to directors and employees under Employee Stock Ownership Plan (ESOP). Again, this meeting was conducted with similar arrangement to the Annual General Meeting.



Shareholders paid visit Wellgrow Industrial Estate, Chachoengsao

Equitable Treatment to Shareholders

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

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 during 22 October – 31 December 2009 but none had exercised the rights. For 2011 annual general meeting of shareholders, the Company also provided this opportunity to shareholders during the period of 15 November – 31 December 2010.

Prevention on Usage of Inside Information

Under the Company's policy, the inside information is restricted to the executives from the middle to the top levels within the relevant departments or plants. Use of inside information for personal benefits or lead to any damage is deemed serious wrongful conduct. In practice, the Company ruled out that its directors and executives must declare securities holding under their names, spouses and minor children to the Office of the Securities and Exchange Commission (SEC) as required by the law. The same information

is also required to submit to the Company's Board on a quarterly basis. Since listing on the SET, there is no circumstance related to usage of inside information which leads to significant change of the Company's stock price.

Prevention on Conflict of Interest

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

Code of Conduct

In order to ensure that the Company performs its business with integrity, transparency and responsibility to all interested parties, the Company compiles a Code of Conduct Manual to guide the directors, executives, and employees to act on the same standard. The manual has been published in the Company's intranet and the Company's website. The Code of Conduct covers the following issues.

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

Role of Stakeholders

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

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

- 1) Complaints raised by shareholders will be submitted to the Audit Committee or the Board or addressed directly to the Audit Committee Chairperson at the address of the Company specified above

- 2) Complaints raised by customers, suppliers, employees or the public will be submitted to the executives to find out solution and report to the Board for acknowledgement.
- 3) Complaints raised by creditors will be submitted to the Executive Committee or Executive may consider passing on the issue to the Board for further consideration.

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

Shareholders:

The Company aims to bring a long-term sustainable growth to its business, thereby enhancing the Company's value and ultimately providing favorable returns to its shareholders. Since listing, the Company has been operated profitably and paid dividend consistently at a satisfactory rate. In fact, from 2007 to 2010, dividend payout ratio averages 47 - 85% of annual net profits, to which implied an annual dividend yield of approximate 3 - 5%.

Customers:

The Company is committed to maximize the customer satisfaction by always providing them with high quality products and reliable services as well as consistently maintaining good relationship.

During the year, the Company won "2010 Industry Award" for "the Best Quality Management" offered by the Ministry of Industry and given by His Excellency the Prime Minister, Mr Abhisit Vejjajiva. The company had its proof on continued growing, being able to meet demand and expectations of customers, and managed to balance interest of stakeholders appropriately.



Mr. Henry Shieh, the Company President is receiving the Industry Award for "The Best Quality Management" from the Prime Minister, Mr Abhisit Vejjajiva.

Employees:

The Company believes that human resources is the most valuable asset and consequently promotes and supports programs that benefit employees both in form of education and to continually progress competency and enhance skill of employees, in 2010, the Company's key activities are as follows;

Leadership Talent Development Program

A "Leadership Talent Development Program (LTD)" was initiated to develop leadership skill to a selected group of management in order to serve the needs of human



The second year of LTD training project at Bangpoo Industrial Estate Thailand in November 2010

resources for business expansion in various regions around the globe. This project consists of 4 continuous training courses by rotating site visit among branches and subsidiaries in four countries. The 2010 was the second year of this program and it is organized at the office of subsidiaries in Slovakia, China, India and Thailand with more focus on customer services. This project had totaled 27 participants who entirely completed the training and earned certificates. This LTD project is planned to be conducted every year.

Educational Support Project

The Company gives importance on educational support as part of human resource development. A joint cooperation program with Rajabhat University is specially established for potential employees to extend study on Business Administration. This educational support also extends in form of annual scholarships to employees and their children who have outstanding academic performance.



The 38 employees who graduated under educational support program with joint cooperation with Rajabhat Thonburi

Employee's Welfare

The Company continuously gives precedence to promote labour relations among employees and managements as well as provides proper welfare to all employees. This has been acknowledged by receiving "***Labour Relations and Welfare Award***" from the Department of Labour Protection and Welfare, the Ministry of Labour, for 5 consecutive years. In 2010, Company received rewards for both plants at Bangpoo and Wellglow Industrial Estate.



"Labour Relations and Welfare Award" year 2010

Business Partners:

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

Creditors:

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

Social & Environmental Responsibility:

The Company realizes the importance of good environment that it is vital to sustainability of well-being of society and communities and therefore adopts the mission “*To provide innovative, clean and efficient energy solutions for a better tomorrow*”. All business operations, from production activities to development of product and new technology are performed towards the Mission. Moreover, it also follows the ethical standard of the Electronic Industry Code of Conduct – EICC which covers five main sections as follows.

1. Standard of Labor
2. Standard of Health and Safety
3. Standard of Management System
4. Standard of Environment
5. Standard of Business Ethics

The Company operates under this EICC framework which lays different standards to ensure safety, environmental and social responsibility in relation to or as a result of industrial processes. The Company received various international standards that will help back capability enhancement to better absorb growing demand in the near future as follows.

❖ *Standard for Thai labor*

- TLS 8001 – 2003 Comprehensive level of Thai Labor Standard

❖ *Standard for health and safety management system*

- OHSAS 18001 - Occupational Health and Safety Standard of health and safety in the workplace.

❖ *Standard for quality management system*

- ISO 9001 - Quality Management System Standard
- ISO/TS 16949 - Quality Management Standard for Automotive Industry
- ISO/IEC 17025 - Laboratory Management Standard
- TL 9000 - Quality Management Standard for the Telecommunications Industry
- IECQ HSPM QC 08000 - Hazardous Substance Process Management for Electronic Standard

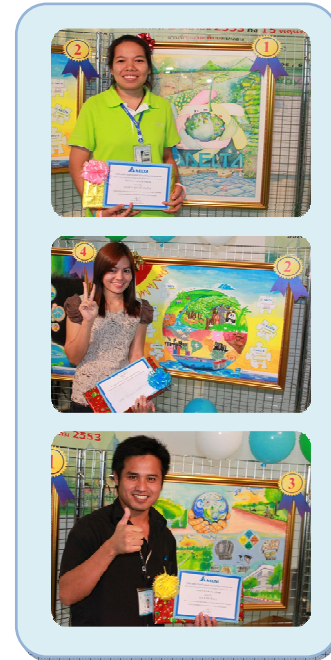
❖ *Standard for environmental management system*

- ISO 14001 - Environmental Management System Standard

The Company is committed to continuously develop standards-based management and other related benchmarks. (Please refer to the social and environmental policy from the Company's website.)

Social and Environmental Related Activities

In 2010, the Company continued its initiatives and operation development according to the Green Map Project in a bid to conserve and sustain energy and environment. The program shadows all operational activities, from production process, administration and supports. Variety of campaign are produced to educate staff on the importance of the environment and the global warming crisis. Those activites are expected to help plant the idea of environmental conservation and energy consumption reduction. During the year, the Company organized a drawing contest on "Safe the World, the Forest and Our Delta with Energy Saving". Many employees participated in this competition.



The Award Winner and the second best

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



Employees participating in blood donation every 3 months



Scholarship awarded to the students of Kasetsart University

In 2010, there were people in many areas of Thailand suffered from flooding. Delta shared the sympathy by donating money and things through various government agencies and private units to help those flood victims.



Delta donated money and things to help flood victims through Phraksa Municipal Office, Samutprakarn Province and TV3 news family



“Delta Family Rally 2010 from Samut Prakan to Prachin Buri” is another activity raising fund to buy computer and study equipment for students at Ban Nong Katoom School in Prachin Buri.



Delta Family Rally 2010 on 13-14 November arranged to raise fund to buy education equipment for students at Ban Nong Katoom School

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.

In 2010, the Company organized press conference quarterly to clarify its operating results to securities analysts, reporters and general investors and for those people to meet with its executives in a bid to nurture confidence of all stakeholders. Additional meetings



were also arranged by Investor Relations unit from time to time in order to provide information to both local and overseas securities analysts and investors.

Responsibilities of the Board

Structure of the Board

The Board of Directors comprises nine directors, six of whom are executive directors and the other three are independent directors which accounts for 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 structure, names, and scope of duties can be found in the section of Managerial Structure).

Director's Term of office

At the annual general meeting of shareholders, one-third of the directors 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.

At the 2010 Annual General Meeting of Shareholders, the retired directors, Mr. Chu, Chih-Yuan, Ms. Niramol Tantipuntum and Mr. Supat Limpaporn were re-appointed.

Sub-Committee

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

Following function units have been established to support the committees.

- Company secretary

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

- Internal Audit

The Internal audit department has been established for over 10 years with the main objective to support the Audit Committee who oversees internal audit tasks. They will help

assess adequacy and efficiency of internal control as well as risk management. The Internal Audit reports directly to and works as assigned by the Audit Committee

The Board's Meeting

The Company schedules the board meeting at least four times a year or on a quarterly basis. 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, 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.

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

Guidelines for Determination of Director and Top Executive Remuneration

The Compensation Committee will determine remuneration of directors and top executives and propose to seek approval from the board of directors. For compensation of the board of director, it requires approval from the shareholders' meeting. Follows are some key guidelines;

1. Guidelines for Director 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 Remuneration may be entirely fixed or partially fixed with some variable amount such as meeting allowance or other incentives.

2. Guidelines for Top Executive Remuneration

- 2.1 Remuneration package must be reasonable in order to attract, retain, and motivate the executive to work at their best.
- 2.2 The compensation committee must define Key Performance Indicators (KPI) to help assess performance of the top executive and propose to the Board for approval before end of each fiscal year.
- 2.3 Consideration to adjust remuneration or annual salary will depend upon KPI achievement and other accomplishments.

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

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

Self Assessment of the Board

The Board arranges to annually evaluate performance of its committee in a bid to enhance efficiency and better understanding of teamwork. Evaluation was ruled into 7 categories: 1) the structure of the Board of Directors 2) roles and responsibilities, 3) Meeting of the Board 4) Duties 5) relationships among management, 6) self-development of directors and management, 7) overall performance.

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. Appraisal results will be submitted to the Board on a quarterly basis.

Risk Management

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

In the past year, the Committee summarized risks that may arise from various events during the period and proposed to the Board of Directors. The risk included the catastrophic volcanic explosions in Iceland which affected air traffic in Europe, political unrest in the country and the historical appreciation record of the Baht against US dollar. The risks were appraised in order to be well prepared to help mitigate possible detrimental impacts. So far, none has created significantly impact to Company's business operation.

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). In 2010, the Company arranged for the internal audit manager to participate in a seminar workshop on "Annual Risk Management 2010 Conference" organized by the Thai Listed Companies Association. Professional guest speakers were invited to conduct some in-house training for middle to high level managements to learn about acquisition and study trend of exchange rates of some key currencies that might have significant impact on company's core operation. The *Leadership Talent Development Project* above-mentioned is also part of the management training program that consequently build up a new management generation.

Insider Information Policy and Conduct

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