

23 February, 2010

Re: 2009 Operating results & Resolutions of Board of Directors Meeting No. 1/2010

To: President of the Stock Exchange of Thailand

Delta Electronics (Thailand) Public Company Limited (“**Company**”) held its Board of Directors Meeting No. 1/2010 on February 23, 2010, at 13.00 hrs. would like to inform the Company’s operating results for the year 2009 based on its audited consolidated financial statements ended 31 December 2009 and the resolutions of the Board of Directors as follows;

### **1. 2009 Operating results**

Delta Electronics (Thailand) Public Co.Ltd., would like to inform the Company’s operating results for the year 2009 based on its audited consolidated financial statements ended 31 December 2009 as follows.

Global economic slowdown since end of 2008 throughout the entire 2009 year brought an adverse effect to the telecommunication and information technology (IT) industries which are core business of the Company. Inevitably, consolidated sales in 2009 declined by 17.8% to Baht 26,995 million from Baht 32,851 million in the previous year. The most affected product group was PSBG, including consumer electronic power supply, IT power supply, and DC-DC converter, down 25.4% from 2008. DES product group, including Custom Designed Power Supplies for Telecom, IT, Networking, Industrial applications, Office automation, and Medical equipment, contracted 23.6% from 2008. CPBG product group, including DC fan, Solenoids, and EMI Filter, dropped 17.4% from 2008. A fall of DC fan was partly due to the unpleasant performance of automobile industry, which is now one of major business sectors we have recently focused in.

Cost of goods sold/sales ratio in 2009 lowered to 73.8% from 75.6% in 2008, thanks to efficient production administration and cost control of the key product groups such as DES, PSBG, and some of the products in CPBG group. Combined with better selling price of some products or projects, gross profit margin satisfactorily increased from 24.4% previously to 26.2%. Selling and administrative expenses including research and development (R&D) costs in 2009 declined 7% to Baht 4,387 million, from Baht 4,720 million in 2008. However, the significant drop in sales as above-mentioned commanded an increase of SG&A/Sales in 2009 to 16.3%, from 2008’s 14.4%.

In 2009, following the unfavorable economic atmosphere, the Company had put its emphasis in maintaining its profitability or managing to stabilize the profit margin rather than stimulating its sales growth. As a result, operating profit margin in 2009 could be sustained at 9.99%, which is close to 2008’s 10.05%. Even we made several efforts to trim down the overall expenses, it was unable to compensate for such significant drop in sales. This is because some of the expenses, in their nature, are fixed or semi-fixed such as management

and administrative related expenses and some of them need to be sustained, like R&D or some marketing expenses, in order to support the operation when the market is recovered.

With the adoption of the prudent foreign exchange management policy, the Company managed to fully hedge the net exposure of each currency and finally could reduce its foreign exchange loss from Baht 62.5 million previously to Baht 6.9 million in 2009 despite performing under various uncertainties. However, with the decline in the interest rate in the financial market, interest income slumped to only Baht 71 million from 2008's Baht 210 million. In all, net profit in 2009 significantly decreased by 24.4% to Baht 2,190 million from Baht 2,898 million in 2008. EPS dropped accordingly to Baht 1.76 from 2008's Baht 2.32.

## **2. The Board of Directors Meeting passed the following resolutions:**

- 1 Considered and approved the Company's audited financial statements for the year ended December 31, 2009 and report of the auditor, and to further propose this matter to the Meeting of Shareholders for approval.
- 2 Considered and approved the Company's dividend payment made out of the accumulated profit at the rate of Baht 1.10 per share. The payment would be made on 9 April 2010, The dividends derived from the BOI promoted business are exempt from income tax payment and to further propose this matter to the Meeting of Shareholders for approval.

The Meeting also approved to set the date to fix the shareholders entitled to receive of dividend on March 12, 2010, and to gather the names of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing the share register book and suspension of share transfer on March 15, 2010.

- 3 Considered and approved to re-appoint the Company's directors as follows:

1. Mr. Chu, Chih-Yuan
2. Ms. Niramol Tantipuntum
3. Mr. Supat Limpaporn

to be directors of the Company for another tenure, and to further propose this matter to the Meeting of Shareholders for approval.

- 4 Considered and approved the determination of the remuneration of the directors for the year 2010 with the following details.

<u>Position</u>	<u>Remuneration/year</u>
Chairman of the board	1,500,000
Director	480,000
Independent director/Audit Committee Chairperson	1,100,000

Independent director/Compensation Committee Chairperson	1,100,000
Independent director	1,000,000
Total annual remuneration for the year 2010:	Baht 7,100,000

The annual remuneration for the year 2010 is equal to the annual remuneration for the year 2009

The meeting attendance fee for the year 2010 is equal to Baht 10,000 per meeting, and is equal to the meeting attendance fee for the year 2009. (Such meeting attendance fee shall be paid to the Chairman of the board and independent directors who are the members of the board, audit committee and compensation committee only.) And to further propose this matter to the Meeting of Shareholders for approval.

5 Considered and approved to appoint the following persons, namely

1. Mr. Supachai Phanyawattano, CPA No. 3930 or;
2. Ms. Thipawan Nananuwat, CPA No. 3459 or;
3. Ms. Siraporn Ouaanunkun, CPA No. 3844.

of Ernst & Young Co., Ltd. as the auditors of the Company and considered and approved to determine the remuneration of the auditor in an amount of Baht 4,200,000, The fee is based on 5,000 audit hours. The Company is required to reimburse 70% of the additional cost of the audit as calculated at its normal charge-out rates.

6 Considered and approved the issuance and offer of warrants to the director and employees of Delta Electronics (Thailand) Public Company Limited and its subsidiaries under Employee Stock Option Plan (“**ESOP 2010**”) in an amount of 62,300,000 units with preliminary details as follows.

Type of securities	: Registered and transferable warrants for the purchase of ordinary shares in Delta Electronics (Thailand) Plc. (“ <b>Warrant</b> ”)
Term of the Warrant	: five (5) years from the issue date of the Warrants
Offering amount	: 62,300,000 units (Paid-up capital is 1,247,380,634 shares as of February 23, 2010.)
Offering price	: Baht zero (0) per unit
Exercise ratio	: One (1) Warrant per one (1) ordinary share

	(the exercise ratio may be changed following the conditions for adjustment of right.)
Exercise price	: Baht one (1) per share (the exercise price may be changed following the conditions for adjustment of rights.)
Exercise period	: The Warrant holders can exercise the Warrants every six (6) months after the issue date. Subject to the below paragraph. The last exercise date shall fall on the last business day of the end of the five (5) year period after the issue date of the Warrants. As regards to exercise period, the Warrant holders shall send a notice of exercise of the Warrants to the Company within five (5) business days before the exercise date. However, the last exercise period will be within fifteen (15) days prior to the expiry of the Warrants. In this regard, if any exercise date falls on a day which is not a business day, a Warrant holder is entitled to exercise his/her Warrants on the business day immediately following such date.
Offering period	: The Company shall issue the Warrants within one (1) year from the date on which approval of the issuance and offering of the Warrants is given by the shareholders of the Company. The offering shall be done after the existing ESOP, DELTA-W2, expires, which will be on December 19, 2010.
Allocation method	: Allocate directly to no more than one thousand and five hundred (1,500) employees (including any employee who is a director of the Company or its subsidiaries and not through an intermediary).
Maximum entitlement	No more than or equivalent to five percent (5%) of the allocation shall be allocated to any participant in particular.
Rights and interests other than those normal	: - None – (The ordinary shares issued pursuant to the exercise of the Warrant shall have the

rights and interests from ordinary shares same rights and status as all other ordinary shares previously issued.)

**Remark:** the exercise price of Baht one (1) per share is lower than ninety (90) percent of the market price.

“Market Price” means the weighted average of the Company’s share price trading on the Stock Exchange of Thailand for 15 consecutive business days before the date on which the Board of Directors passes a resolution to propose the agenda of ESOP 2010 and agenda of the increase of the registered capital to the 2010 Annual General Meeting of Shareholders for approval, which is the period from February 2, 2010 to February 22, 2010, equaling Baht 17.80.

**The necessity of the determination of exercise price lower than Ninety (90) percent of the market price**

The issuance and offering of warrants, and the determination of exercise price lower than ninety (90) percent of the market price, to the director and employees of the Company or its subsidiaries is intended to encourage the director and employees of the Company to exercise the warrants, thereby increasing the personal stake of such director and employees in the continued success and growth of the Company and encouraging them to remain in the employment of the Company.

**Rules and conditions for the allocation and exercise of the Warrants**

**(1) Allocation Method**

The company shall appoint the Company’s Compensation Committee to consider the allocation of the Warrants to the director and employees. Such Company’s Compensation Committee is currently composed of:

1. Mr. Supat Limpaporn Compensation Committee Chairperson
2. Mr. Anusorn Muttaraid Compensation Committee Member
3. Assist. Prof. Liu, Heng-Yih Compensation Committee Member

An interested director who will be allotted the Warrants must abstain from voting on that matter or leave the Meeting temporarily while that matter is considered.

**The qualification of the director and employees of the Company or its subsidiary who are eligible for the allocation of the Warrants**

1. Being the employees of the Company or its subsidiaries;
2. Being an employee of the Company or its subsidiaries from the Position Level 3 (C3) or above which has passed the 120 days probation and not being an employee with temporary employment term;
3. In exceptional case other than Clause (2), the case will be proposed to the Company's Compensation Committee for consideration.

**(2) Exercise method**

The Warrant holder has to inform of its intention to purchase the shares within the period of time to be fixed by the Board and/or the person(s) entrusted by the Board.

There is no limitation on the number of the Warrants which must be exercised.

**List of the director nominated to receive the allocation of the Warrant as the Company's executive and employees who will be allocated more than five percent (5%) of the total ESOP Warrants**

- (1) List of the director nominated to receive the allocation of the Warrant as the Company's executive is as follows;

<b>Names of director</b>	<b>Title</b>	<b>Number of allocated Warrants (units)</b>	<b>Percent of total number of Warrants</b>
Mr. Hsieh, Heng-Hsien (Henry)	Director/President	2,000,000	3.21%
Total		2,000,000	3.21%

- (2) List of the employees who will be allocated more than five percent (5%) of the total ESOP Warrants

- None -

### **Adjustment condition**

The Company may have to issue the additional new ordinary shares in reserve for any possible adjustment to the exercise price and/or exercise ratio in respect of the allocated Warrants upon the occurrence of any events as defined by the relevant notifications of the Capital Market Supervisory Board or the occurrence of paying dividend in cash which exceeding sixty percent (60%) of net profit as the rate specified in the terms and conditions of the Warrants.

### **Expiration of the Warrants**

The outstanding Warrants and the Warrants which have not been exercised on or prior to the expiry date of the Warrants, the date falling the fifth anniversary of the issue date, shall be cancelled.

### **Effects on the shareholders**

#### **(1) Price dilution**

The exercise price of ESOP Warrants is Baht one (1) per unit which is lower than the market price. As a result, the issuance and offering of ESOP Warrants will cause price dilution.

Exercise price	Baht 1 per share
Market price (Weighted average price from 2 February to 22 February 2010)	Baht 17.80 per share
Price dilution	4.49 %

#### **(2) Control dilution**

In case all Warrants are exercised by the director and employees of the Company or its Subsidiary, the control dilution effect on the existing shareholders on the ownership and the voting right after the exercise is as follows:

No. of registered and paid-up shares (as of February 23, 2010)	:	1,247,380,634 shares (Par value = Baht 1)
No. of shares from the exercise	:	62,300,000 shares (Par value = Baht 1)

Total No. of shares after the exercise : 1,309,680,634 shares (Par value = Baht 1)

Control dilution : 4.76 %

### **(3) Costs to the Company**

#### **Granting of the Warrants in 2010**

Under current Thai Accounting Standards (TAS), the granting of the Warrants in 2010 will not be reflected in the Company's income statement.

#### **Granting of the Warrants in 2011**

The granting of the Warrants in 2011 may result in the Company having to recognize expense in the Company's income statement, if the Federation of Accounting Professions, Thailand (FAP), fully applies Thailand Financial Reporting Standards (TFRS) in 2011.

Based on the current draft of TFRS, if there are no quoted market prices for the ESOP Warrants, TFRS requires entities to estimate the fair value of share-based payment using option-pricing models at the grant date.

#### **Description and Conditions of Warrants**

Warrants to be issued and offered to director and employees shall be subject to rules and regulations pursuant to the notification of the Capital Market Supervisory Board No. Tor Jor 32/2551 Re: The Offering of Newly Issued Securities to Directors and Employees of a Company dated December 15, 2008 or any other notification replacing it and any other relevant rules and regulations.

The Warrant holders shall be responsible for payment of tax and duties under the Revenue Code or any other applicable laws in relation to the exercise of the right to purchase the ordinary shares pursuant to the Warrants.

#### **Shareholders' right of objection**

According to the notification of the Capital Market Supervisory Board No. Tor Jor 32/2551 Re: The Offering of Newly Issued Securities to Directors and Employees of a Company dated December 15, 2008, at least three-quarters (3/4) of the eligible and attending votes in approval must be obtained. In this regard, shareholders holding shares in an aggregate number of more than ten



percent (10%) of all attending votes shall be able to veto such issuance and offering of the Warrants to director and employees.

Shareholders who are eligible to receive the allocation of the Warrant are to abstain from voting on any shareholders' agenda related to the Warrant.

**Assistance from the Company in providing a source of fund to the director and employees of the Company or its subsidiaries**

- None-

**Other**

The Board of Directors of the Company and/or Executive Director and/or person(s) entrusted by the Board of Directors or the Executive Director shall have the power to determine, change or add details and other conditions necessary and relevant to the offering of the Warrants of the Company to the extent permissible by the laws or to the extent non-material to the resolution of the shareholders, such as date, time and procedures of the offering, procedures for the exercise of right, etc., or such determinations, amendments or changes made in compliance with the laws or orders of the relevant authorities, as well as to have the power to proceed with any actions necessary and relevant to the implementation of the ESOP 2010 and the issuance and offering of the Warrants of the Company in all respects as deemed appropriate and to the extent permitted by the laws, which includes the power to prepare, amend, negotiate, execute, deliver the applications and/or other documents, contact, provide information, submit such applications or other evidencing documents to the Office of the Securities and Exchange Commission, the SET and/or other authorities relating to the issuance and offering of the Warrants as well as to list the new shares from the exercise of the right under the Warrant as listed securities on the SET.

- 7 Considered and approved the reduction of registered capital of the Company in an amount of 11,615,000 shares with the par value of Baht 1 each, from the registered capital of Baht 1,259,000,000 to Baht 1,247,385,000 by canceling unissued and unoffered 11,615,000 shares of the Company since the warrants issued and offered to the directors and employees of the Company (“DELTA-W2”) according to the resolution of the Annual General Meeting of Shareholders No. 1/2005 held on March 30, 2005 shall reach their 5-year term within this year (December 19, 2010). Consequently, there were 11,615,000 unallocated shares remained.

The Meeting also considered and approved the amendment of Clause 4 of the Memorandum of Association to be in line with new capital with details as follows, and to further propose this matter to the Meeting of Shareholders for approval..

“Clause 4	Registered capital	1,247,385,000 Baht	(One billion two hundred forty seven million and three hundred eighty five thousand Baht)
	Divided into	1,247,385,000 shares	(One billion two hundred forty seven million and three hundred eighty five thousand shares)
	Value per share	1 Baht	(One Baht)
	Divided into		
	Common shares	1,247,385,000 shares	(One billion two hundred forty seven million and three hundred eighty five thousand shares)
	Preferred shares	-	(- shares)”

- 8 Considered and approved the increase of registered capital of the Company from the registered capital of Baht 1,247,385,000 to Baht 1,309,685,000 by issuing 62,300,000 new ordinary shares of the Company, with the par value of Baht 1 each to reserve for the proposed ESOP 2010.

The Meeting also considered and approved the amendment of Clause 4 of the Memorandum of Association to be in line with new capital with details as follows, and to further propose this matter to the Meeting of Shareholders for approval.

“Clause 4	Registered capital	1,309,685,000 Baht	(One billion three hundred nine million and six hundred eighty five thousand Baht)
	Divided into	1,309,685,000 shares	(One billion three hundred nine million and six hundred eighty five thousand shares)
	Value per share	1 Baht	(One Baht)
	Divided into		

Common shares	1,309,685,000	(One billion three hundred nine million and six hundred eighty five thousand shares)
Preferred shares	-	(- shares)”

- 9 Considered and approved the allocation of 62,300,000 new ordinary shares for the exercise of the right to purchase the ordinary shares by the Warrant holders to be issued and offered under the ESOP 2010, and to further propose this matter to the Meeting of Shareholders for approval.
- 10 Considered and approved the determination of (1) the date of determining the names of shareholders who shall have the right to attend the 2010 Annual General Meeting of Shareholders (Record Date) on March 12, 2010, and to gather the names of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing the share register book and suspension of share transfer on March 15, 2010 and (2) the date of determining the names of shareholders who shall have the right to receive the dividend (Record Date) on March 12, 2010, and to gather the names of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (as amended) by closing the share register book and suspension of share transfer on March 15, 2010.
- 11 Considered and approved the determination of the date to convene the 2010 Annual General Meeting of Shareholders on April 5, 2010 at 9.30 hrs. at the Company office, 909 Soi 9, Moo 4, Bangpoo Industrial Estate, Tambol Phraksa, Amphur Muang Samutprakarn, Samutprakarn with the agenda listed below:
  1. To consider and approve the minutes of the 2009 AGM;
  2. To acknowledge the Company's operating results for the year 2009;
  3. To consider and approve the Company's audited financial statements for the year ended December 31, 2009 and the auditor's report;
  4. To consider and approve the distribution of dividend for 2009;
  5. To consider and approve the appointment of directors to replace the directors who will be retired by rotation in 2010;
  6. To consider and approve the remuneration of directors for the year 2010;

7. To consider and approve the appointment of the auditor for the year 2010 and its remuneration;
8. To consider and approve the issuance and offering of warrants to the directors and employees of Delta Electronics (Thailand) Public Company Limited and its subsidiaries under the Employee Stock Option Plan (“ESOP 2010”);
9. To consider and approve the decrease of the remaining registered capital from Baht 1,259,000,000 to Baht 1,247,385,000 and the amendment to Clause 4 of the Memorandum of Association to be in line with the new capital;
10. To consider and approve the increase of the registered capital from Baht 1,247,385,000 to Baht 1,309,685,000 by issuing 62,300,000 new ordinary shares at a par value of Baht 1 each to reserve for the proposed ESOP 2010 and the amendment to Clause 4 of the Memorandum of Association to be in line with the new capital;
11. To consider and approve the allotment of 62,300,000 new ordinary shares for the exercise by the warrant holders of the right to purchase the ordinary shares to be issued and offered under the ESOP 2010;
12. To consider other business (if any).

Please be informed accordingly.

Sincerely Yours,  
**Delta Electronics (Thailand) Public Company Limited**

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(Niramol Tantipuntum / Ming-Cheng Wang)  
Director / Vice Chairman