



14 February 2017

To: The President

The Stock Exchange of Thailand

Re: Related party transaction – Disposal of investments in subsidiaries

The board of directors' meeting of Delta Electronic (Thailand) Public Company Limited (the **"Company"**) No. 1/2017 held on February 14, 2017 approved the Company and/or the subsidiaries of the Company to dispose of the investment in the subsidiaries of the Company to Delta Electronic (Netherlands) BV (**"DEN"**), the subsidiary of Delta Electronic Inc. (**"DEI"**) which is one of the major shareholders of the Company. The names of the subsidiaries to be sold in this transaction are as follows:

1. Delta Greentech (Netherland) B.V. (**"DGN BV"**), the subsidiary that the Company holds 100 percent of its paid-up capital, shall sell 10,200 ordinary shares of DES CH, equivalent to 51 percent of the total issued shares of DES CH, to DEN for USD 12.80 million (equivalent to THB 450.32 million), the rate on 9 Feb 17 quoted by the Bank of Thailand and this rate is to be used for all transactions below;
2. DGN BV shall sell 15,708 ordinary shares of TR00, equivalent to 51 percent of the total issued shares of TR00, to DEN for USD 0.80 million (equivalent to THB 28.15 million); and
3. DGN BV shall sell 1,500,000 ordinary shares of US17, equivalent to 100 percent of the total issued shares of US17, to DEN for USD 4.14 million (equivalent to THB 145.65 million); and
4. DGN BV shall sell 4,315,657 ordinary shares of BR00, equivalent to 100 percent of the total issued shares of BR00, to DEN for USD 7.11 million (equivalent to THB 250.14 million).

(collectively as the **"Disposition of Subsidiaries or "Disposition"**).

The Disposition of Subsidiary is considered as the connected transaction under the Notification of the Capital Market Supervisory Board No. TorChor.21/2551 re: Rules on Connected Transactions and the Notification of the Board of Governor of the SET re: Disclosure of Information and Other Acts of Listed Companies concerning Connected Transactions B.E. 2546 (the **"Notification on Connected Transaction"**). The highest transaction size is 2.84 percent of the total net tangible assets (NTA) of the Company as appeared in the consolidated financial statement as of December 31, 2016. The Company has not entered into any connected transaction with the above Purchaser and/or its related persons within 6 months period prior to the date that the board of directors of the Company approved this transaction.

Moreover, the Disposition of Subsidiaries is also considered as the disposition transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and



Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (the “**Notification concerning the Acquisition of Asset**”). The highest transaction size is 2.04 percent by using the method of the value of assets disposed of (based on the Company’s consolidated financial statement as of December 31, 2016). The Company has not entered into any disposition transaction within 6 months period prior to the date that the board of directors of the Company approved this transaction.

The significant details of the Disposition of Subsidiaries are as follows:

**1. Date / Month / Year of the Transaction**

Within quarter 1 of year 2017

**2. Parties involved and Relationship with the Company**

**Seller:** Delta Greentech (Netherlands) B.V., the Company’s 100% indirectly owned subsidiary,

**Purchaser:** DEN, a wholly owned subsidiary of Delta Electronics, Inc. (DEI)

**Relationship between parties**

DEI is one of the major shareholders of the Company. At December 31, 2016, DEI holds approximately 21 % of the issued shares of the Company.

**3. General Characteristic of the Transactions and Details of the Disposed Assets**

**3.1 General Characteristic of the Transaction**

The Company shall dispose the investment in subsidiaries to DEN, as detailed as follows:

1. Delta Greentech (Netherland) B.V. (“**DGN BV**”), the subsidiary that the Company holds 100 percent of its paid-up capital, shall sell 10,200 ordinary shares of DES CH with a par value of CHF 1,000 each, equivalent to 51 percent of the total issued shares of DES CH, to DEN at USD 1,254.90 per share (equivalent to THB 44,149.21) or USD 12.80 million (equivalent to THB 450.32 million) in total;
2. DGN BV shall sell 15,708 ordinary shares of TR00 with a par value of TRY25 each, equivalent to 51 percent of the total issued shares of TR00, to DEN at USD 50.93 per share (equivalent to THB 1,791.77) or USD 0.80 million (equivalent to THB 28.15 million) in total;
3. DGN BV shall sell 1,500,000 ordinary shares of US17 with a par value of USD 1 each, equivalent to 100 percent of the total issued shares of US17, to DEN at USD 2.76 per share (equivalent to THB 97.10) or USD 4.14 million (equivalent to THB 145.65 million) in total; and

4. DGN BV shall sell 4,315,657 ordinary shares of BR00 with a par value of BRL 8.78 each, equivalent to 100 percent of the total issued shares of BR00, to DEN at USD 1.65 per share (equivalent to THB 57.96) or USD 7.11 million (equivalent to THB 250.14 million) in total.

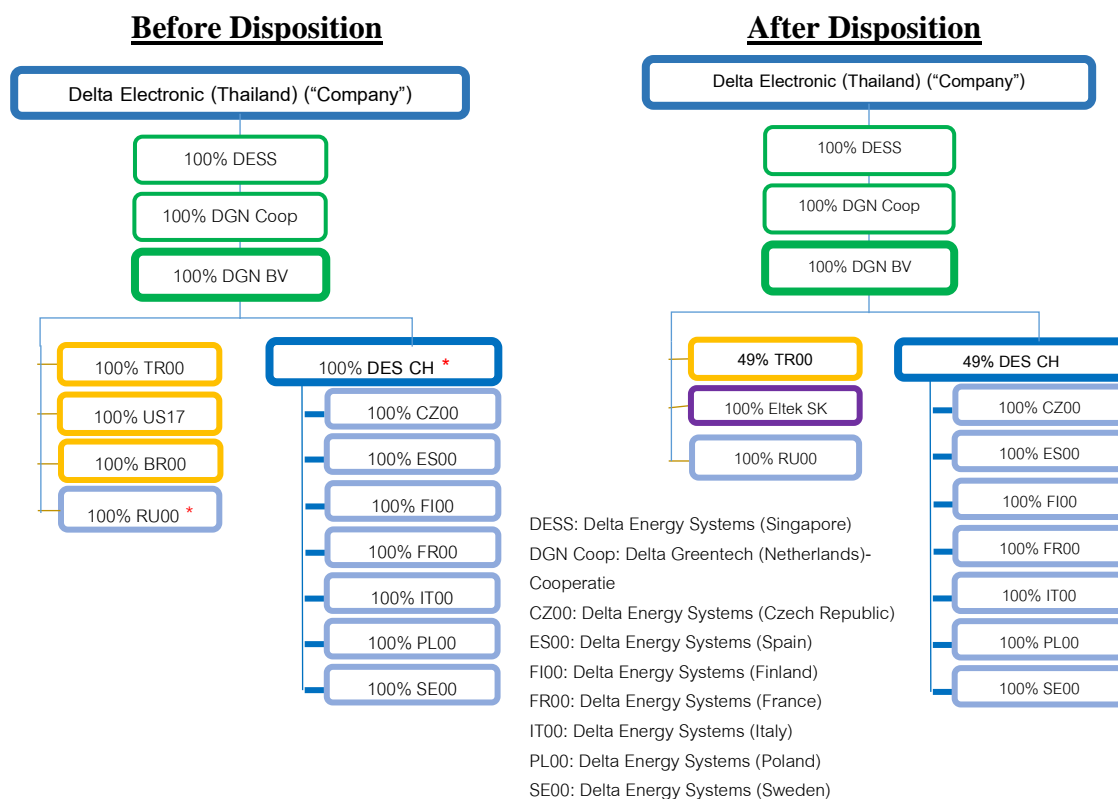
The Disposition of Subsidiaries in item 1 to 4 has a total value of USD 24.85 million (equivalent to THB 874.26 million).

As part of the payment for the purchase price of the Disposition of Subsidiaries, DEN shall sell the equity right in 100% paid up capital of EUR 3,326,031 of Eltek, s.r.o. (“**Eltek SK**”), to DGN BV. The fair market value of Eltek SK is assessed at USD 22 million (equivalent to THB 773.99 million). The remained purchase price of USD 2.85 million (equivalent to THB 100.27 million) shall be paid in cash.

After the disposition, the Company or its subsidiaries will no longer hold any share in US17 and BR00.

Details of Eltek SK are appeared in item 4 (c) of this information memorandum.

The shareholding structure of the Company’s group before and after the Disposition are appeared in the diagrams (which show only the parts related to the transaction) below:



\*To facilitate the Disposition, the Company has performed an internal group’s shareholding restructure by transferring 100% of Delta Energy Systems (Russia) (or “RU00) shares to DGN BV. The Company shall further conduct another restructuring by transferring all 100% of DES CH’s shares to DGN BV. before the execution of the Disposition.

### 3.2 Details of the disposed assets

#### **DES CH**

##### **(a) Nature of the business**

DES CH engages in trading and assembly of power systems mainly for EMEA markets. DES CH has 7 subsidiaries, which 100 percent of the total shares of all subsidiaries held by DES CH. Details are appeared in the diagram in item 3.1 (Before Disposition).

##### **(b) Financial Highlights**

For comparison purpose, all financial data in foreign currencies are converted into THB by the exchange rates on 9 Feb 2017 quoted by Bank of Thailand (for the major currencies) and for TRY is based the quote of Central Bank of the Republic of Turkey.

Financial highlight of DES CH during 2014 to 2016 are as follows:

<b>Item</b> (unit: million THB)	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total sales	5,265	4,952	3,764
Net Profit	128	123	103
Total Assets	2,405	2,294	1,827*
Total Liabilities	1,389	1,211	1,159
Share Capital	710	710	710
Shareholder's Equity	1,016	1,083	668*

\*Adjusted by deducting dividend distribution of CHF 11.0 million which has been paid to the Company on 9 Feb 17.

#### **TR00**

##### **(a) Nature of the business**

TR00 engages in trading and assembly of power systems mainly for EMEA markets.

##### **(b) Financial Highlights**

Financial highlight of TR00 during 2014 to 2016 are as follows:

<b>Item</b> (unit: million THB)	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total sales	119	122	101
Net Profit	15	17	16
Total Assets	101	103	50*
Total Liabilities	24	8	12
Share Capital	7	7	7
Shareholder's Equity	77	95	38*

\*Adjusted by deducting dividend distribution of TRY 7.70 million which has already been paid to DGN BV (the Company's 100% indirectly owned subsidiary) on 1 Feb 17.

## US17

### (a) Nature of the business

US17 engages in trading and assembly of power systems mainly for US market.

### (b) Financial Highlights

Financial highlight of US17 during 2014 to 2016 are as follows:

Item (unit: million THB)	2014	2015	2016
Total sales	1,438	1,742	1,374
Net Profit	69	20	25
Total Assets	490	720	567*
Total Liabilities	298	509	488
Share Capital	211	211	53
Shareholder's Equity	192	212	79*

\* Adjusted by deducting a capital reduction of USD 4.5 million which has already been distributed to its shareholder, DGN BV (the Company's 100% indirectly owned subsidiary) on 10 Feb 17.

## BR00

### (a) Nature of the business

BR00 engages in trading and assembly of power systems mainly for South America market.

### (b) Financial Highlights

Financial highlight of BR00 during 2014 to 2016 are as follows:

Item (unit: million THB)	2014	2015	2016
Total sales	1,403	1,478	1,260
Net Profit	(124)	13	(13)
Total Assets	1,029	1,055	926
Total Liabilities	759	772	656
Share Capital	427	427	427
Shareholder's Equity	270	283	270

## 4. Transaction Size Calculation

- (a) **Total book value** of 4 disposed subsidiaries (as of December 31, 2016) is worth approximately THB 709.08 million.

### (b) Market Value

The fair market value of the above 4 disposed companies is based on the valuation performed by independent financial adviser in January 2017 which indicates in a range of USD 15.76 million to USD 38.48 million (equivalent to THB 554.46 million to THB 1,353.78 million) in total. The independent financial adviser has prepared the valuation report which indicates a range of the fair market price

based on several methods for the Company's board of directors for consideration and decision making.

**(c) Total value of consideration received**

Total consideration received for the disposal of the above 4 subsidiaries is USD 24.85 million or equivalent to THB 874.26 million in total. The payment is divided into 2 parts as follows:

1. As part of the payment, DEN shall sell the equity right in 100% paid up capital of Eltek SK, assessed at USD 22 million (equivalent to THB 773.99 million) to DGN BV, and
2. DEN shall make a payment for the remained purchased price of USD 2.85 million (equivalent to THB 100.27 million) in cash.

Details of Eltek SK are as follows:

**2.1 Nature of business**

Eltek SK engages in the manufacturing of telecom power systems located in Slovakia. It was established in 2004 and used to be a member of Eltek group, which is one of the world's leaders in telecom power system business.

**2.2 Financial Highlights**

<b>Item</b> (unit: million THB)	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total sales	2,648	2,521	2,239
Net Profit	38	9	129
Total Assets	1,095	935	1,031
Total Liabilities	825	656	653
Share Capital	126	126	126
Shareholder's Equity	270	279	378

**2.3 Book Value (as of December 31, 2016)**

Total book value of Eltek SK is EUR 10.02 million (equivalent to THB 378.16 million).

**2.4 Market Value**

The fair market value of Eltek SK's share is assessed by the independent financial adviser in January 2017 which indicates in a range of USD 16.75 million to USD 26.14 million (equivalent to THB 589.29 million to THB 919.64 million) in total. The independent financial adviser has prepared the valuation report which indicates a range of the fair market price based on several valuation methods for the Company's board of directors for consideration and decision making.

(d) **Conclusion**

The highest transaction size of the Disposition of the Subsidiaries is 2.04 percent of the net tangible assets (NTA) of the Company as appeared in the consolidated financial statement as of December 31, 2016. Details are as follows:

	<b>Total</b>
The value of assets disposed of	2.04%
The net profits from normal business operations	1.30%
The value of the consideration	1.89%
The number of securities issued	none

In the 6 months period prior to the date the board of directors approved the Disposition of Subsidiaries, the Company does not enter into the disposition transaction according to the Notification concerning the Acquisition of Asset.

**5. Payment and payment conditions**

1. As part of the payment, DEN shall sell the equity right in 100% paid up capital of Eltek SK, assessed at USD 22 million (equivalent to THB 773.99 million) to DGN BV, and
2. DEN shall make a payment for the remained purchased price of USD 2.85 million (equivalent to THB 100.27 million) in cash.

The payment shall take place as soon as reasonably possible and no later than Three (3) Business Days after the Closing Date (as defined below) of all transactions.

The closing of the disposed shares and the receiving equity right shall be completed according to mutually agreed process no later than Fifteen (15) Business Days after the completion of the conditions precedent set forth in the Transaction Agreement (the “Closing Date”).

**6. Purpose and Expected benefit**

To focus on the core business by using the existing resources to develop the more high-end and higher value added businesses such as selected high-end power systems, and other electronic and industrial products etc., to serve the current and future growing market demands.

**7. Utilization of proceeds**

DGN BV shall utilize the proceeds received from the transaction of USD 2.85 million (equivalent to THB 100.27 million) as working capital.

**8. The Directors who are Interested or Related Persons**

None

**9. The Board of Directors' opinions and the Audit Committee's opinions**

The board of directors has considered that the disposal of the above 4 subsidiary 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 above disposed shares and acquired equity right 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 disposal of the above subsidiaries at the above proposed price, payment terms and conditions are fair and reasonable.

There is no any different opinion from any directors or Audit Committee.

Please be informed accordingly.

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Anusorn Muttaraid

Director