

24 July 2020

To: The President

The Stock Exchange of Thailand

Re: Connected transactions – Disposition and Acquisition of the Investments in the Associated Companies

The board of directors' meeting of Delta Electronics (Thailand) Public Company Limited (the “**Company**”) No. 4/2020, held on July 24, 2020, resolved to approve the subsidiaries of the Company's entry into the connected transactions, which are:

1) **Disposition**

Delta Greentech (Netherlands) B.V. (“**DGN BV**”), a wholly-owned-subsiary of the Company by means of an indirect shareholding, intends to sell its investment in its associated companies to its connected persons as follows:

- a) DGN BV intends to dispose its 4,900 ordinary shares in Delta Electronics (Switzerland) AG (“**DECH**”) or equivalent to 49 percent of the total issued shares in DECH, to Delta International Holding Limited (“**DIH**”), which is a wholly-owned-subsiary of Delta Electronics Inc. (“**DEI**”) (“**DECH's Shares**”) (“**Disposition of DECH's Shares**”).

As of 2 March 2020, DEI directly and indirectly held approximately 63.78 percent of the total issued shares in the Company, and having voting shares approximately 63.78 percent of the total issued shares of the Company, which is more than 50 percent of the total voting rights in the Company as defined as a controlling person of the Company under Section 89/1 of the Securities and Exchange Act B.E. 2535 (1992) (amended) (the “**SEC ACT**”).

As DEI holds more than a 30 percent stake of DIH, DIH is deemed a related person of the controlling person of the Company, i.e., DEI. Consequently, DIH is regarded as a connected person of the Company, pursuant to 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 “**Notifications on Connected Transaction**”).

- b) DGN BV intends to dispose its 460,936 ordinary shares or equivalent to 49 percent of the total issued shares of Delta Greentech Electronics Industry LLC (“**DETR**”) to Delta Electronics (Netherlands) B.V. (“**DEN**”), which is a wholly-owned-subsiary of DEI. (“**DETR's Shares**”) (“**Disposition of DETR's Shares**”).

As DEI holds more than a 30-percent stake of DEN, DEN is deemed a related person of the controlling person of the Company, i.e., DEI. Consequently, DEN is regarded as a connected person of the Company, pursuant to the Notifications on Connected Transaction.

(Collectively as the “**Disposition**”)



The Disposition of DECH's Shares and Disposition of DETR's Shares are 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 “**Notifications on Acquisition or Disposal of Assets**”).

The total transaction size of the Disposition of DECH's Shares and Disposition of DETR's Shares equals to 0.93 percent of the total assets based on the total value of consideration criterion which is the criterion used for calculation and results in the highest transaction value according to the interim consolidated financial statements for the 6-month period ended 30 June 2020 of the Company reviewed by the certified auditors of the Company. In addition to the Disposition, the Company has not entered into any other disposition transaction within the 6-month period prior to the date on which the board of directors of the Company approving the entry into the Disposition; and

## 2) Acquisition

Delta Energy Systems (Singapore) Pte Ltd. (“**DESS**”), a wholly-owned-subsiary of the Company, intends to acquire shares in Eltek Australia Pty Limited (“**Eltek AU**”), in the amount of 4,461 shares, equivalent to 100 percent of the total issued shares of Eltek AU, from Eltek AS (“**Eltek AS**”), which is a wholly-owned-subsiary of DIH. In other words, Eltek AS is a wholly-owned-subsiary of DEI by means of an indirect shareholding (“**Eltek AU's Shares**”) (“**Acquisition**”).

As DEI holds more than a 30-percent stake of DIH and that DIH holds more than a 30-percent stake of Eltek AS, Eltek AS is deemed a related person of the controlling person of the Company, i.e., DEI. Consequently, Eltek AS is regarded as a connected person of the Company, pursuant to the Notifications on Connected Transaction.

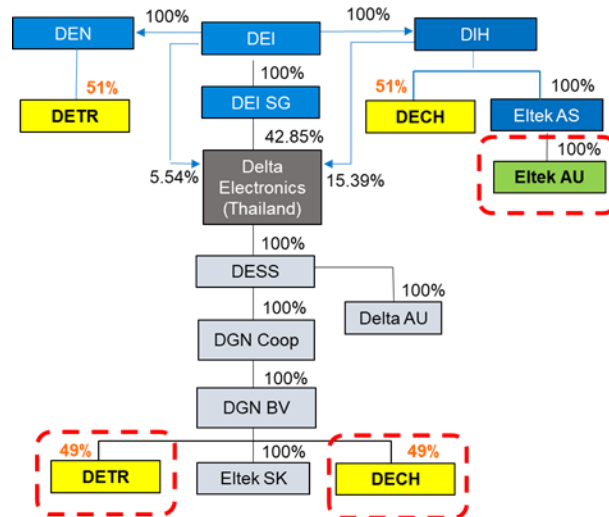
The Acquisition is considered as the acquisition transaction under the Notifications on Acquisition or Disposal of Assets. The transaction size of the Acquisition equals to 0.94 percent, based on the total value of consideration criterion which is the criterion used for calculation and results in the highest transaction value according to the interim consolidated financial statements for the 6-month period ended 30 June 2020 of the Company reviewed by the certified auditors of the Company.

In addition to the Acquisition, the Company has not entered into any other acquisition transaction within the 6-month period prior to the date on which the board of directors of the Company approving the entry into the Acquisition.

As the highest transaction size of either the Disposition or the Acquisition is less than 15 percent of the total assets of the Company based on the total value of the consideration criterion according to the interim consolidated financial statements for the 6-month period ended 30 June 2020 of the Company, the Company is not required to take any procedures under the Notifications on Acquisition or Disposal of Assets.

However, the Disposition and Acquisition are considered as the entry into the connected transactions of the subsidiaries of the Company, pursuant to the Notifications on Connected Transaction as the parties involved are deemed as a connected person of the Company; i.e., DIH, DEN, and Eltek AS. Please see the current structure of the Company's Group.

### Current Structure of the Company's Group



The Disposition and Acquisition are the connected transactions in the category of the transaction relating to assets or services, having the total transaction size of 926.36 million baht, or 2.86 percent of the total net tangible assets (the “NTA”) of the Company according to the interim consolidated financial statements for the 6-month period ended 30 June 2020 reviewed by the certified auditors of the Company. The transaction size according to the said financial statements of the Disposition of DECH’s Shares, the Disposition of DETR’s Shares, and the Acquisition equals to 404.21 million baht, or 1.25 percent of the NTA, 56.10 million baht, or 0.17 percent of the NTA, and 466.05 million baht, or 1.44 percent of the NTA, respectively.

In addition, the Company has not entered into any connected transaction with the purchasers, seller, and/or their related persons within the 6-month period prior to the date on which the board of directors of the Company approving the entry into the connected transactions of the subsidiaries of the Company.

### Details of Transactions

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

It is expected that the Disposition and Acquisition will be completed within the fourth quarter of the year 2020.

#### 2. Parties involved, Relationship with the Company, Name of the Connected Persons, and Characteristics of Relationship

2.1 The disposal of 4,900 ordinary shares, equivalent to 49 percent of the total issued shares in DECH:

<b>Seller:</b>	Delta Greentech (Netherlands) B.V. (“DGN BV”)
<b>Relationship with the Company:</b>	DGN BV is a wholly-owned-subsiary of the Company by means of an indirect shareholding
<b>Purchaser:</b>	Delta International Holding Limited (“DIH”)
<b>Relationship with the Company:</b>	DIH is a wholly-owned-subsiary of DEI, and consequently is a related person of DEI, the controlling person of the Company in accordance with Section 89/1 of the SEC ACT.
<b>Type and Characteristics of Business Operation of DIH</b>	DIH is a holding company with an equity-investment purpose.

2.2 The disposal of 460,936 ordinary shares, equivalent to 49 percent of the total issued shares in DETR:

<b>Seller:</b>	Delta Greentech (Netherlands) B.V.
<b>Relationship with the Company:</b>	DGN BV is a wholly-owned-subsiary of the Company by means of an indirect shareholding
<b>Purchaser:</b>	Delta Electronics (Netherlands) B.V. (“DEN”)
<b>Relationship with the Company:</b>	DEN is a wholly-owned-subsiary of DEI, and consequently is a related person of DEI, the controlling person of the Company in accordance with Section 89/1 of the SEC ACT.
<b>Type and Characteristics of Business Operation of DEN</b>	DEN’s main business is to sell power products, display solution products, electronic components, and industrial automation products.

2.3 The acquisition of 4,461 ordinary shares, equivalent to 100 percent of the total issued shares in Eltek AU

<b>Seller:</b>	Eltek AS
<b>Relationship with the Company:</b>	Eltek AS is a wholly-owned-subsiary of DEI, and consequently is a related person of DEI, the controlling person of the Company in accordance with Section 89/1 of the SEC ACT.
<b>Type and Characteristics of Business Operation of Eltek AS</b>	Eltek AS’s main business is to conduct a research and development and sales of power supplies and others.
<b>Purchaser:</b>	Delta Energy Systems (Singapore) Pte Ltd. (“DESS”)
<b>Relationship with the Company:</b>	DESS is a wholly-owned-subsiary of the Company.

### 3. General Characteristic of the Transaction and Assets

#### 3.1 General Characteristic of the Transaction

- 1) DGN BV will sell its 4,900 ordinary shares (equivalent to 49 percent of the total issued shares) in DECH to DIH, with the details as follows:

Details of the sale : DGN BV will sell its 4,900 ordinary shares (equivalent to 49 percent of the total issued shares) in DECH to DIH. After the completion of the Disposition of DECH's Shares, DIH will hold 100 percent of the total issued shares in DECH.

Value of the transaction : Value of the shares in DECH is at USD 2,587.76 per share (equivalent to THB 82,491.83 at THB 31.8777 per USD)<sup>1</sup>, or USD 12.68 million (equivalent to THB 404.21 million) in total

- 2) DGN BV will sell its 460,936 ordinary shares (equivalent to 49 percent of the total issued shares) in DETR to DEN, with the details as follows:

Details of the sale : DGN BV will sell its 460,936 ordinary shares (equivalent to 49 percent of the total issued shares) in DETR to DEN. After the completion of the Disposition of DETR's Shares, DEN will hold 100 percent of the total issued shares in DETR.

Value of the transaction : Value of the shares in DETR is at USD 3.82 per share (equivalent to THB 121.71), or USD 1.76 million (equivalent to THB 56.10 million) in total

The Disposition in item 1 to 2 has a total value of USD 14.44 million (equivalent to THB 460.31 million). After the Disposition, the Company or its subsidiaries will no longer hold any share in DECH and DETR, and that DECH and DETR shall no longer be an associated company of the Company.

- 3) DESS will purchase the 4,461 shares (equivalent to 100 percent of the total issued shares of Eltek AU) in Eltek AU from Eltek AS, with the details as follows:

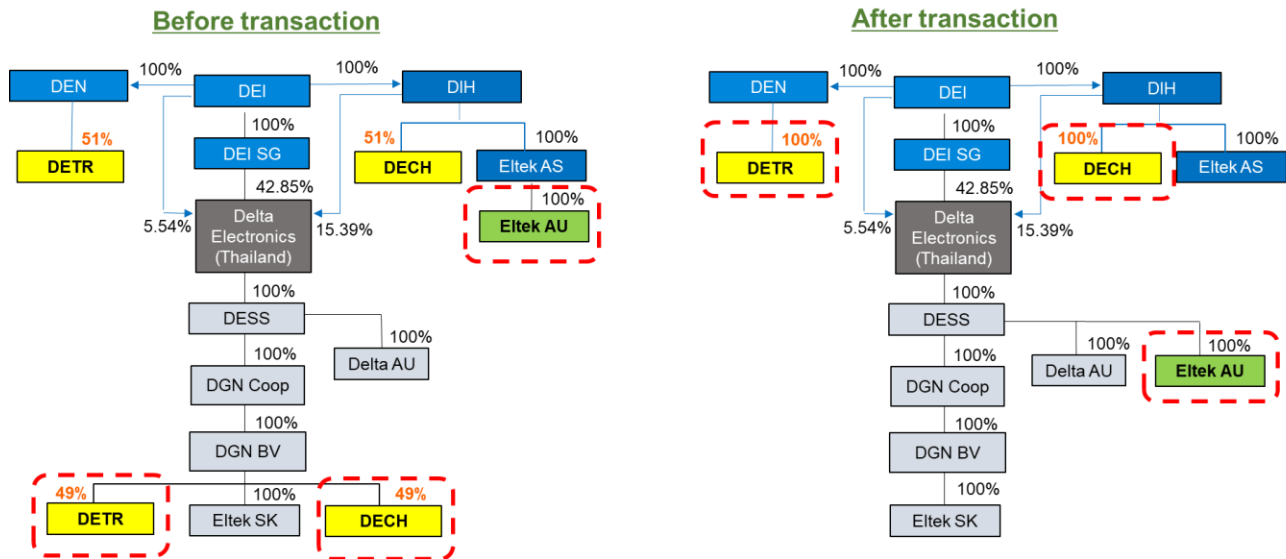
Details of the sale : DESS will purchase the 4,461 shares (equivalent to 100 percent of the total issued shares of Eltek AU) in Eltek AU from Eltek AS. After the completion of the Acquisition, DESS will hold 100 percent of the total issued shares in Eltek AU, and Eltek AS will no longer be a shareholder of Eltek AU.

Value of the transaction : Value of the shares in Eltek AU is at USD 3,277.29 per share (equivalent to THB 104,472.09), or USD 14.62 million (equivalent to THB 466.05 million) in total

After the Acquisition, Eltek AU will become 100% subsidiary of the Company.

<sup>1</sup> The exchange rate on 17 July 2020 quoted by the Bank of Thailand, and this rate shall be applied to all of the relevant amounts in USD herein.

The shareholding structure of the Company’s group before and after the Disposition and Acquisition appears in the diagrams (shown only those related to the Disposition and Acquisition) provided below.



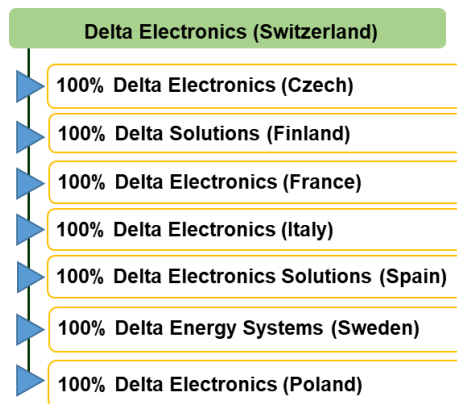
After the transaction above, the Company plans to merge Eltek AU with Delta Electronics (Australia) Pty Ltd (“**Delta AU**”) and later expects to acquire all of the shares in Delta AU (after merged with Eltek AU) from DESS, so that the Company can directly hold the shares of Delta AU. In the case that the said restructuring plan becomes certain, the Company shall comply with relevant rules and regulations before implementing the said restructuring plan.

### 3.2 Business and Disposed and Acquired Shares

#### 1) Delta Electronics (Switzerland) AG (DECH)

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

DECH engages in distribution and R&D of power systems mainly for Europe, the Middle East and Africa (“**EMEA**”) markets. DECH has seven subsidiaries, of which 100 percent of the total shares held by DECH.





## (b) Financial Highlights

For comparison purpose, the financial data in foreign currencies was converted from its local currency into THB by the exchange rates on 17 July 2020 quoted by the Bank of Thailand (for the major currencies), and for Turkish New Lira (TRY), the conversion is based on that quoted by the Central Bank of the Republic of Turkey.

Financial highlights of DECH during the year from 2017 to 2019 and the first quarter of the year 2020 are as follows:

Item (unit: million THB)	2017	2018	2019	1Q'20
Total sales	3,537.72	4,482.26	4,022.83	1,075.52
Net Profit	121.79	101.45	98.50	(100.67)
Total Assets	2,116.80	2,457.89	1,877.46	1,997.15
Total Liabilities	1,207.03	1,814.31	1,271.88	1,513.79
Share Capital	677.92	338.96	338.96	338.96
Shareholder's Equity	909.77	643.58	605.58	483.36

## 2) Delta Greentech Electronics Industry LLC (DETR)

### (a) Nature of the business

DETR engages the business of distribution of power systems, mainly for the EMEA markets.

### (b) Financial Highlights

Financial highlights of DETR during the year from 2017 to 2019 and the first quarter of the year 2020 are as follows:

Item (unit: million THB)	2017	2018	2019	1Q'20
Total sales	51.34	331.82	462.98	185.38
Net Profit	1.81	6.02	(33.20)	(8.80)
Total Assets	125.50	251.67	288.48	329.85
Total Liabilities	105.24	120.07	190.07	240.24
Share Capital	3.56	108.88	108.88	108.89
Shareholder's Equity	20.28	131.60	98.42	89.61

### 3) Eltek Australia Pty Limited (Eltek AU)

#### (a) Nature of the business

Eltek AU engages in distribution of power systems, mainly for Australia and New Zealand markets.

#### (b) Financial Highlights

Financial highlights of Eltek AU during the year from 2017 to 2019 and the first quarter of the year 2020 are as follows:

Item (unit: million THB)	2017	2018	2019	1Q'20
Total sales	1,292.22	1,253.49	915.97	81.75
Net Profit	3.15	75.22	23.20	31.75
Total Assets	281.37	832.26	314.98	273.85
Total Liabilities	191.56	667.20	126.86	117.51
Share Capital	40.54	40.54	40.54	40.54
Shareholder's Equity	89.81	165.05	188.12	156.29

## 4. Type and Size of the Transaction and criteria used to determine the total value of consideration

### 4.1 Type and Size of the Transaction

The Disposition and Acquisition fall under the disposition and acquisition transaction under the Notifications on Acquisition or Disposal of Assets. When calculating the transaction size of the transaction according to the interim consolidated financial statements for the 6-month period ended 30 June 2020 of the Company reviewed by the certified auditors of the Company.

The transaction size based on each criterion is as follows:

#### 1) The Disposition (DECH and DETR):

Calculation Criteria	Transaction Size for DECH / DETR respectively
1. Net Tangible Assets criterion (NTA)	0.73 / 0.14 percent
2. Net after-tax profit criterion	n.a.
3. Total value of consideration criterion	0.82 / 0.11 percent
4. Value of securities issued by the listed company as consideration for the assets to be acquired	n.a.
<b>Maximum Criteria of DECH + DETR (total value of consideration criterion)</b>	<b>0.93 percent</b>



## 2) The Acquisition (Eletek AU)

Calculation Criteria	Transaction Size
1. Net Tangible Assets criterion (NTA)	0.48 percent
2. Net after-tax profit criterion	n.a
3. Total value of consideration criterion	0.94 percent
4. Value of securities issued by the listed company as consideration for the assets to be acquired	n.a
<b>Maximum Criteria (total value of consideration criterion)</b>	<b>0.94 percent</b>

In addition, according to the Notifications on Connected Transactions, the Disposition and Acquisition are the connected transactions in the category of the transaction relating to assets or services, having the total transaction size of THB 926.36 million, or 2.86 percent of the NTA of the Company according to the interim consolidated financial statements for the 6-month period ended 30 June 2020 reviewed by the certified auditors of the Company. The transaction size according to the said financial statements of the Disposition of DECH's Shares, the Disposition of DETR's Shares, and the Acquisition equals to THB 404.21 million, or 1.25 percent of the NTA, THB 56.10 million, or 0.17 percent of the NTA, and THB 466.05 million, or 1.44 percent of the NTA, respectively.

## 4.2 Criteria Used to Determine the Total Value of Consideration

### (a) Book value

- 1) The total book value of the DECH's Shares (49%) and DETR's Shares (49%) as of March 31, 2020 is worth approximately THB 280.76 million with detail as follows.
  - Book value of DECH's shares (49%) is THB 236.85 million, and
  - Book value of DETR's shares (49%) is THB 43.91 million.
- 2) The Book value of the Eltek AU's Shares (as of March 31, 2020) is worth approximately THB 156.29 million.

### (b) Market Value

- 1) The fair market value of the DECH's Shares and DETR's Shares is based on the valuation performed by a financial advisor (in the list of financial advisors approved by the Office of the Securities and Exchange Commission ("the Office of the SEC")) in July 2020. The said fair market value is indicated in a range from USD 8.54 million to USD 15.23 million (equivalent to from THB 272.24 million to THB 485.50 million) in total with details shown below.
  - The DECH's Shares (49%) are assessed in a range from USD 7.19 million to USD 13.30 million (equivalent to from THB 229.20 million to THB 423.97 million).
  - The DETR's shares (49%) are assessed in a range from USD 1.35 million to USD 1.93 million (equivalent to from THB 43.03 million to THB 61.52 million).

- 2) The fair market value of the Eltek AU's Shares is also based on the valuation performed by a financial advisor (in the list of financial advisors approved by the Office of the SEC) in July 2020. The said fair market is indicated in a range from USD 4.49 million to USD 15.47 million (equivalent to from THB 143.13 million to THB 493.15 million) in total.

#### 4.3 Total Value of Consideration Received and Paid

- 1) DGN BV, the shareholder of DECH and DETR, shall receive the total consideration in exchange for DECH's Shares in the amount of USD 12.68 million or equivalent to THB 404.21 million and DETR's Shares in the amount of USD 1.76 million or equivalent to THB 56.10 million, totaling USD 14.44 million or equivalent to THB 460.31 million.
- 2) DESS, the purchaser of the Eltek AU's Shares, shall pay for a total consideration in exchange for Eltek AU's Shares in the amount of USD 14.62 million or equivalent to THB 466.05 million.

#### 4.4 Payment condition

The payment of such shares will be made upon the success of the condition precedents prescribed in each Transaction Agreement:

- 1) DIH shall make a payment in the amount of USD 12.68 million (equivalent to THB 404.21 million) to DGN BV. Payment shall be made via wire transfer by the DIH to DGN BV, and shall take place as soon as reasonably possible either on or before the Closing Date, and
- 2) DEN shall make a payment in the amount of USD 1.76 million (equivalent to THB 56.10 million) to DGN BV. Payment shall be made via wire transfer by DEN to DGN BV, and shall take place as soon as reasonably possible either on or before the Closing Date.
- 3) DESS shall make a payment in the amount of USD 14.62 million (equivalent to THB 466.05 million) to Eltek AS. Payment shall be made via wire transfer by DESS to Eltek AS, and shall take place as soon as reasonably possible either on or before the Closing Date.

The closing of the transactions above 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 Agreements (the "Closing Date").

### 5. Purpose for entering into the Transactions and Expected Benefits to the Company from the Transactions

#### 5.1 Purpose

- 1) To focus more on the Southeast Asia ("SEA") markets including India and Australia/New Zealand that would have a great growth potential.
- 2) To restructure the group company in a global scale by simplifying a group structure through removing existing cross-shareholdings.

## 5.2 Expected Benefits

- 1) Delta Thailand has a good strategic location for serving and penetrating the SEA markets. In addition, the Australia and New Zealand (ANZ) market, as part of our SEA regional business, has an expected high potential business growth, especially for telecom power systems (“TPS”), data center and some other Delta branding products. Moreover, Eltek itself is the global leading brand of telecom power systems and data center which is well recognized and broadly accepted in the ANZ market as well.
- 2) With the plan to merge the existing Australia subsidiary, Delta Electronics (Australia) or “Delta AU”, with the proposed new acquired company, Eltek AU, the Company expects the market leader position by offering several brands, mainly Eltek and Delta brands, with various solutions under one local Australian company for telecom power systems, data center and other branding products in the region.

## 5.3 Prevention of conflict of interest

There would be no conflict of interest relating to the shareholding structure of the Company’s group after the Disposition and Acquisition, as the Company will mainly focus more on the SEA region, including India and ANZ for TPS and some other branding businesses while DEI group will focus on other regions such as the EMEA.

## 6. Characteristics and Scope of Interest of the Connected Person

- 6.1 As of 24 July 2020, directors of the Company having vested interest and having no right to cast their vote consist of:
  1. Mr. Ping Cheng;
  2. Mr. Tzu-Shing Ko; and
  3. Mr. Tsai-Hsing Chang.
- 6.2 As of 24 July 2020, directors of DIH consist of:
  1. Mr. Dalip Kumar Sharma;
  2. Ms. Chiu-Hua Hao; and
  3. Ms. Shang-Pei Chung.
- 6.3 As of 24 July 2020, directors of DEN consist of:
  1. Mr. Chin-Tang Lee;
  2. Mr. Chia-Jung Liu; and
  3. Mr. Dalip Kumar Sharma.
- 6.4 As of 24 July 2020, directors of Eltek AS consist of:
  1. Mr. Kelvin Huang;
  2. Mr. Chin-Tang Lee;
  3. Mr. An Cheng;
  4. Ms. Hilde Steira; and
  5. Mr. Geir Waaler.

6.5 As of 24 July 2020, directors of DESS consist of:

1. Mr. Kong Meng Ng;
2. Mr. Tsai-Hsing Chang; and
3. Ms. Fu-Hua Ku;

6.6 As of 24 July 2020, directors of DEI consist of:

1. Mr. Yancey Hai;
2. Mr. Tzu-Shing Ko;
3. Mr. Bruce CH Cheng;
4. Mr. Ping Cheng;
5. Mr. Simon Chang;
6. Mr. Albert Chang;
7. Mr. An Cheng;
8. Mr. Yung-Chin Chen;
9. Mr. George Chao;
10. Mr. Tsong-Pyng Perng; and
11. Mr. Ji-Ren Lee.

## **7. Source of Fund and Sufficiency of Working Capital for Acquisition**

After DGN BV receives the payment proceeds from the purchasers (DIH and DEN) in exchange for the DECH's Shares and DETR's Shares, DGN BV shall make a dividend distribution to its shareholder, DESS. Therefore, the main source of fund for DESS used for acquiring the Eltek AU' Shares will come from the dividend distributed by DGN BV. By doing this, the consideration payable by DESS for the Acquisition shall not affect cash flows or working capital of the Company and its subsidiaries.

## **8. Opinions of the Board of Directors concerning the Entry into the Transactions and Opinions of the Company's Audit Committee and/or directors which are different from the opinions of the Board of Directors**

The board of directors' meeting of the Company No. 4/2020, held on July 24, 2020 (without directors those who have vested interest) has carefully considered the entering into the Deposition and Acquisition transactions, and is of the view that the entry into such transactions shall be beneficial to the Company as it helps strengthen the Company's current core business and also develop new promising businesses to serve the future market demands, especially in the SEA region, including India and ANZ.

In addition, the price of the Disposition and Acquisition is based on the indicative range of the fair market value assessed by the independent party together with the management's long term business view.

The board of directors is of the opinion that Disposition and Acquisition at the 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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Mr. Anusorn Muttaraid  
Director