

**Details of the Issuance and Allocation of Warrants to  
the Directors and Employees of  
Delta Electronics (Thailand) Public Company Limited (ESOP 2010 Project)**

**1. Objective and Necessity of Issuance and Offer for Sale of Warrants**

Prime objective of the issuance of ESOP warrants is to create unity among directors and employees in many locations of the company and its subsidiaries as one team, one company. With the management complex business expansion plan, there will be many new businesses and new teams to add to create more value. As in the past 2 ESOP scheme in year 2000 (DELTA-W1) and year 2005 (DELTA-W2), providing directors and employees with additional incentives through the grant of warrants has been a proven effective tools in maintaining and promoting loyalty as well as improvement of personal competency for continued success and growth of the Company.

**2. Details of Warrant**

Name of securities	: Warrants to purchase ordinary shares of Delta Electronics (Thailand) Public Company Limited No. 3 (“DELTA-W3”)
Type of securities	: Registered and transferable bearer warrants
Term of the warrant	: five (5) years from the issue date of the warrants
Offering amount	: 62,300,000 units
Numbers of ordinary shares reserve for the exercise of the warrants	: 62,300,000 shares which is equal to 4.99% of total number of issued shares of the Company (Paid-up capital is 1,247,380,634 shares as of August 6, 2010.)
Offering Type	: Warrants will be offered to directors and employees of DELTA and its subsidiaries by authorizing the Company’s Allotment Committee to consider the allocation of the warrants in accordance with the specified criteria, condition, and method. (Please see the names of the Company’s Allotment Committee in Clause 4.)
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 12.50 per share which is 50.16% discount from the Market Price. “Market Price” means the weighted average market price of the past 15 consecutive trading days prior to the date when the Board of Directors resolved to propose to EGM No. 1/2010 to consider

the agenda re: Issuance and Offering of the Warrants pursuant to ESOP 2010 Project, which is between July 15, 2010 to August 5, 2010.

However, exercise price may be adjusted according to the condition of right adjustment as set forth in Clause 5.

Lock-up Period : 49,840,000 units of warrants or equivalent to 80% of the number of the total warrants issued and offered to the directors and employees in this offering shall be subject to the lock-up period.

The Company will make a written agreement with all allotted directors and employees involving the lock-up period, sale period and the number of warrant permitted to sell. This would mean all allotted directors and employees are not permitted to immediately sell 49,840,000 units of warrants or equivalent to 80% of total warrants issued and offered to them in this offering (lock-up period). Nevertheless, 49,840,000 units of warrants can be gradually sold in the specified number and within specified period (“Sale Periods”) as follows:

1<sup>st</sup> Sale Period

On February 10, 2012 : All allotted directors and employees are permitted to sell the warrants in the number of no more than 12,460,000 units

2<sup>nd</sup> Sale Period

On February 10, 2013 : All allotted directors and employees are permitted to sell the warrants in the number of no more than 12,460,000 units

3<sup>rd</sup> Sale Period

On February 10, 2014 : All allotted directors and employees are permitted to sell the warrants in the number of no more than 12,460,000 units

4<sup>th</sup> Sale Period

On February 10, 2015 : All allotted directors and employees are permitted to sell all remaining warrants

All such warrants shall be kept at Thailand Security Depository Co., Ltd. (“TSD”). At each Sale Period specified above, the Company will instruct TSD to transfer warrants to the allotted directors and employees, provided that the allotted directors and employees shall be able to sell the warrants in an aggregate number of no more than the specified units in each Sale Period. However, total number of warrants that the allotted directors and employees shall be able to sell and exercise shall be equal to the total number of warrants that shall not be under the lock-up period condition plus total number of warrants which shall be released at

each Sale Period.

In addition, in the agreement involving the lock-up period, sale period and the number of warrant permitted to sell previously mentioned, the allotted directors and employees agree not to exercise the rights under the warrants during the lock-up period and agree that the Company shall have the rights to increase or decrease the number of warrants allotted to each director and employee. In this regard, the Company's Allotment Committee will be authorized to consider the increase or decrease of the number of warrants by primarily taking into account the performance, potential and benefit that such director or employee provide to the Company and its subsidiaries.

If the commencement date of the Sale Period falls into non-Business Day, the Company will inform TSD to transfer the warrants to the allotted directors and employees on the next Business Day following the commencement of the Sale Period.

"Business Day" means the date that the commercial banks open for service which is not Saturday, Sunday or any date that the Bank of Thailand announces to be the holidays for the commercial banks.

Exercise period : The warrant holders can exercise the warrants 5 times; on 10<sup>th</sup> of January of the year 2012, 2013, 2014, 2015 and at the maturity date of the warrants (5 years after the issuance date) ("Exercise Date").

The warrants that can be exercised shall not be warrants under lock-up period.

In respect of the period for exercising the rights under the warrants, the warrant holders shall give notice of their intentions to exercise the rights under the warrants to the Company within five (5) Business Days prior to the Exercise Date.

However, the last exercise period will be within fifteen (15) days prior to the last exercise date.

Please note that if any of the Exercise Dates is a non-Business Day, the warrant holders shall be able to exercise the rights under the warrants on the Business Day prior to such Exercise Date.

"Business Day" means the date that the commercial banks open for service which is not Saturday, Sunday or any date that the Bank of Thailand announces to be the holidays for the commercial banks.

Offering period : The Company shall issue the warrants within six (6) months from the date on which approval of the issuance and offering of the warrants is given by the Securities and Exchange Commission ("SEC")

The offering shall be done after the existing ESOP, DELTA-W2, expires on December 19, 2010.

- Allocation method : The warrants will be allocated directly to directors and employees of the Company or its subsidiaries.
- Maximum entitlement : No more than or equivalent to five percent (5%) of the allocation shall be allocated to any participant in particular.
- Reasons of issuance of new ordinary shares to accommodate the exercise of the warrants : When the exercise price is adjusted pursuant to the conditions of the right adjustment as specified in the terms and conditions of the warrants to purchase ordinary shares of the Company under the circumstances as specified under the SEC's notification.
- Rights and interests other than those normal rights and interests from ordinary shares : - None – (The ordinary shares issued pursuant to the exercise of the warrant shall have the same rights and status as all other ordinary shares previously issued.)
- Secondary market of the Warrants : Warrants under this ESOP scheme will be listed on the Stock Exchange of Thailand (“SET”).
- Secondary market of the ordinary shares to accommodate the exercise of the warrant : The ordinary shares from the exercise of the warrants under this ESOP scheme will be listed on the SET.
- Warrant registrar : Thailand Securities Depository Company Limited (“TSD”)

**3. The necessity of the offering of ESOP warrants lower than Ninety (90) percent of the market price (consider both the offering price and the exercise price)**

The objective of the issuance of ESOP warrants is to create unity among directors and employees of the Company and its subsidiaries. With the management complex business expansion plan, there will be many new businesses and new teams to add to create more value. The offering of the warrant lower than the market price is because the Company wants to encourage the directors and employees of the Company and its subsidiaries to exercise the warrants to allow directors and employees to share their ownership in the Company. This will reward them for their contribution to the Company and its subsidiaries in the past and future and will also motivate them to determine and work efficiently. Moreover, this will retain competent staff to the Company and its subsidiaries to contribute to the Company's success and continuous growth and maximize the Company's benefit in the long run.

Fair market value is calculated by weighted average price of the past 15 consecutive trading days prior to the date of Board of Directors resolved to propose the ESOP 2010 agenda to the EGM No.1/2010, July 15, 2010 to August 5, 2010, which is deemed appropriate.

#### **4. Rules and conditions for the allocation and exercise of the Warrants**

##### **4.1 Criteria and Conditions for the Allocation of Warrants**

4.1.1 The Company's Allotment Committee have the power to

- (1) specify directors and employees of the Company or its subsidiaries who will be allotted, number of warrants to be allotted for each person
- (2) change, increase or decrease the number of warrants already allotted to directors and employees (please refer to Clause 2 for details)
- (3) specify rules, conditions and other necessary details related to the issuance and allocation of ESOP

4.1.2 In case of the following event occurs, the Company is entitled to bring the warrants allotted to such person to allot to directors or employees of the Company or its subsidiaries onwards.

- (1) In the case that any allotted director or employee resigns or being removed from the position.
- (2) In the case that any allotted director or employee no longer has the status as director or employee of the Company or its subsidiaries because of warrant holder's death, disappearance or incompetence which causes him to be incapable of managing his own affairs.
- (3) In the case that any allotted director or employee is no longer as director or employee of the Company or its subsidiaries because of retirement or expiration of the term of office.

In this regard, the Company's Allotment Committee shall have the power to allot the warrants by taking into account the criteria, conditions and methods to be complied under the Notification of the Capital Market Supervisory Board Tor Jor 32/2551 Re: Offering of Newly Issued Securities to Directors and Employees of a Company dated December 15, 2008.

The Company's Allotment Committee is currently composed of:

- |    |                       |                                 |
|----|-----------------------|---------------------------------|
| 1. | Mr. Hsieh Heng Hsien  | Allotment Committee Chairperson |
| 2. | Mr. Ming Cheng Wang   | Allotment Committee Member      |
| 3. | Mr. Anusorn Muttaraid | Allotment Committee Member      |
| 4. | Mr. Yu Po Wen         | Allotment Committee Member      |

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

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

1. Being a director or an employee 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. The number of warrants allotted to each director and employee does not have to be equal. The allocation depends on position and/or experience and/or years of service and/or performance and/or potential and/or benefit provided to the Company and its subsidiaries.
4. In case other than Clause 2 and 3 above, the case will be proposed to the Company's Allotment Committee for consideration.

#### **4.2 Exercise method**

The warrant holder has to inform of its intention to exercise the right to purchase the shares within the period of time to be fixed by the Board of Directors and/or Executive Committee and/or Company's Allotment Committee and/or the person(s) entrusted by the Board of Directors or Executive Committee or the Allotment Committee.

#### **5. Adjustment condition**

The Company shall adjust the exercise price, the exercise ratio or the number of the warrants during the term of the warrants to protect the warrant holders' benefit to which they are entitled upon occurrence of any of the following events:

- 5.1 When the Company changes the par value of its ordinary shares, as a result of a combination or splitting of shares.
- 5.2 When the Company does a rights issue to its existing shareholders and/or a public offering of its ordinary shares at the net price of the newly issued ordinary shares calculated to be less than 90 percent of "the market price of the Company's ordinary shares".
- 5.3 When the Company does a rights issue to its existing shareholders and/or a public offering of its securities convertible into ordinary shares and/or entitling to the rights to subscribe to the ordinary shares (such as convertible debentures, warrants) at the net price of the newly issued ordinary shares reserved for the exercise of the rights thereunder calculated to be less than "the market price of the Company's ordinary shares".

- 5.4 When the Company pays dividends, in whole or in part, in form of ordinary shares to holders of ordinary shares of the Company.
- 5.5 When the Company pays dividends in an amount exceeding 60 percent of its net profits after tax for its operation during the accounting year throughout the term of the warrants.
- 5.6 In the case where there occurs any event not mentioned in sub-clauses 5.1 through 5.5 above resulting in the holders of the warrants losing the rights and benefits to which they are entitled, the Company will consider the rights adjustment of the warrants, either the exercise price and/or the exercise ratio. The result of such consideration shall be final and conclusive.

## **6. 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.

## **7. Effects on the shareholders**

### **7.1 Price dilution**

The exercise price of ESOP Warrants is Baht 12.50 per share which is lower than the market price. As a result, the issuance and offering of ESOP Warrants will cause price dilution.

Exercise price	Baht 12.50 per share
Market price (Weighted average price from July 15, 2010 to August 5, 2010)	Baht 25.08 per share
Price dilution	2.39 %

### **7.2 Control dilution**

In case all warrants are exercised by the directors and employees of the Company or its Subsidiaries, 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 August 6, 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)
Maximum effect of the control dilution	:	4.76 %

The warrant holder can gradually exercise the warrant pursuant to the terms and conditions. The first exercise date will be on January 10, 2012 and the next exercise date will be on the January 10 of year 2013, 2014, 2015 and the last exercise date will be the expiry date of the warrants. Therefore, the control dilution from the warrant exercise will be gradually affected and the maximum effect of the control dilution will be at 4.76% as below:

Year	No, of ordinary shares from the exercise the right under the warrant per year	Cumulative no. of ordinary shares from the exercise the right under the warrant	Control Dilution (%)
1	12,460,000	12,460,000	0.99
2	12,460,000	24,920,000	1.96
3	12,460,000	37,380,000	2.91
4	12,460,000	49,840,000	3.84
5	12,460,000	62,300,000	4.76

Remark: Control dilution under the above table calculated based on the assumptions that there will be additional warrants that can be exercised in the amount of 12,460,000 units per year and warrant holders exercise all the warrants.

### **7.3 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.

## **8. Description and Conditions of Warrants**

Warrants to be issued and offered to directors 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. As the Company has an intention to list such warrants and ordinary shares from the exercise of the warrants on the Stock Exchange of Thailand, therefore, the Company is required to proceed with applicable notification of the Capital Market Supervisory Board No. Tor Jor 34/2551 Re : The Application and approval of the



offering of Newly Issued Warrants and the increase and issuance of share capital for the conversion of warrants and the notification of the Stock Exchange of Thailand Re : Listing of Warrants on Ordinary Shares or Preferred Shares or Debentures B.E. 2544 or any other notification as amended or 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.

#### **9. 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 and Tor Jor 34/2551 Re : The Application and approval of the offering of Newly Issued Warrants and the increase and issuance of share capital for the conversation of warrants, to offer warrants below the market price, 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.

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

- None-

#### **11. Other**

The Board of Directors of the Company and/or Executive Committee and/or the Company's Allotment Committee and/or the person(s) entrusted by the Board of Directors or Executive Committee or Allotment Committee 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 Project 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, and to list the Warrants on the SET as well as to list the new shares from the exercise of the right under the Warrant as listed securities on the SET.