

# The supporting Document of Agenda No.10

## Summary of Employee Stock Option Plan Scheme SiS Distribution (Thailand) Public Company Limited

### 1. Objectives, rationale and the necessity of the issuance of warrants

The purpose for the offering of warrants to the Directors and Employees of the Company is 1) to reward and remunerate the Directors and Employees of the Company so that they can contribute continuity profitability of the company 2) to motivate the employee in the long term to be owner with the right to buy shares in good price 3) to adjust employee benefits in line with shareholders benefits

#### Indicative Features

Type of warrant	: Warrants to purchase of ordinary shares of SiS Distribution (Thailand) Public Company Limited in registered and non-transferable form, except for the transfer by inheritance, or to legitimate heirs or beneficiary
Allocation of warrants	: Allocation to Directors and Employees including employee who is a Director
Number of warrant	: 10,000,000 units
Amount of reserved shares	: 10,000,000 shares, at the par value of Baht 1.00 each, representing 4.92 % of the total issued shares of the Company.
Term of Warrants	: 3 years from the Issue Date of Warrants
Issue Date of Warrants	: The board of Directors will determine the issue date of warrants after obtaining the approvals from the shareholder's meeting.
Participants	: The Remuneration and Nomination Committee shall be authorized to specify the qualification of the Participants and to determine which director and management who shall be allotted the warrants and the number of warrants to be allotted to each person. Managing Director shall be authorized to specify the qualification of the Participants and to determine which employee who shall be allotted the warrants and the number of warrants to be allotted to each person and other terms and details necessary for the issue.
Offering price	: Baht -0-
Exercise Ratio	: 1 warrant: 1 ordinary share
Exercise Price	: Book value of the ordinary shares of the company pursuant to the latest financial statements before exercise date but not lower than 4.92 Baht that

was the book value of the ordinary shares of year ended 2009 financial statement.

Terms and Exercise Period : After the issue date of the warrants, the warrant holders may exercise their warrants on the first working day of June and December of each year throughout the term of the warrants (Exercise date of warrants). The first exercise date may be on 1st June or October (as the case may be) after the issue date of warrants (the first exercise date) and the final exercise date will be on the last date of 3 years after the issue date. The first exercise, each warrant holder can exercise not more than 50 percent of all warrants allotted to such warrant holder at each exercise date and can exercise an additional 12.5 percent of the total warrants allotted on the next scheduled date of exercise (every 6 months period)

Offering Period : The Company shall issue the warrants to the Directors and/or Employees of the Company within the period of one year.

Reasons for issuing new shares for the exercise of the warrants : When there is the adjustment of the Exercise Price and the Exercise Ratio in accordance with the adjustment conditions as defined in the regulations of the Securities and Exchange Commission.

Secondary market of warrants : None

Secondary market of shares : To be enlisted on the Stock Exchange of Thailand reserved for ESOP

Notes:

The warrants which are not exercised in any Exercise Period can be carried forward to the next Exercise Period until the end of the term of the warrants.

## 2. Rules and conditions for the allocation of warrants

2.1 The Company shall issue the warrants to the Directors and/or Employees including employee who as a director of the Company within the Offering Period.

2.2 Any warrants which have not been exercised within the term of the warrants and any remaining warrants which have not been allotted. The Committees have the authority to consider in the allocation of remaining warrants to directors and employees including employee who as a director appropriately.

2.3 List of the Directors who will be allotted the warrants and the number of warrants to be allocated are as follows:-

Name of Director	Position	Number of warrants (units)	% of warrants to total amount
1. Mr. Suwit Chindasanguan	Chairman of the Board	200,000	2.00
2. Mr. Somchai Sirivichayakul	Chairman of the Remuneration and Nomination Committee	150,000	1.50
3. Dr.Rojanasak Chomvilailuk	Chairman of Audit Committee	150,000	1.50
4. Mr.Somchai Sittichaisrichart	Managing Director	600,000	6.00
5. Mr.Sombati Pungsirnont	Executive Director	600,000	6.00
6. Mr.Lim Hwee Hai	Non Executive Director	150,000	1.50
7. Mr.Lim Kia Hong	Non Executive Director	150,000	1.50

The Company will inform more detail of the allocation of warrant to the 4 levels management that require by the Securities and Exchange Commission (SEC) when the allocation complete by the criteria of Directors and employees who are entitled to allotment of warrants as 2.4.

#### 2.4 Qualifications of Directors and Employees who are entitled to the allotment of warrants:

- (a) The Remuneration and Nomination Committee shall be authorized to specify the qualification of the Participants and to determine which director and management who shall be allotted the warrants and the number of warrants to be allotted to each person
- (b) Number of warrants to be allotted to each Director or Employee may vary, depending on the position, experience, length of service, performance and potential as well as the contributions made to the Company;

The Remuneration and Nomination Committee shall determine

- (i) The name of Directors who will be allotted the warrants.
- (ii) Managing Director shall be authorized to specify the qualification of the Participants and to determine which employee who shall be allotted the warrants and the number of warrants to be allotted to each person and other terms and details necessary for the issue. The Managing Director allocates the warrants to each employee who is not Director.

#### 2.5 Exercise conditions

- a) Any warrant holder wishing to exercise his/her right must be a Director or an Employee (as the case may be) as of the Exercise Date.
- b) If the warrant holder ceases to be a Director or Employee as a result of death, serious illness, disability, or other cause as deemed appropriate by the Nomination and Remuneration Committee for the

exercise of warrants, such warrant holder or his/her heir or guardian on behalf of such warrant holder may exercise the warrants throughout the term of the warrants.

- c) If the warrant holder ceases to be a Director or (as the case may be) an Employee as a result of retirement by age or rotation at any time before the expiry of the warrants or terminated as a result of change of control of the Company or being transferred or moved as the company direction or the company's restructuring, he/she still has the right to exercise the warrants.
- d) If the warrant holder voluntarily resigns or ceases to be a Director or an Employee (as the case may be) for any reason other than those specified in (b) and (c) above on or before the expiry of the warrants, the warrant holder will have the right to exercise the warrants up to the percentage exercisable by him/her for one more time until the next Exercise Date after the date of his/her resignations. Amount of warrants to be exercised under this scenario will not exceed the amount that can be exercised according to the Exercise Period and he/she must immediately return the unexercised warrants to the Company for cancellation. The Nomination and Remuneration Committee will allocate any unexercised warrant to deserved for the Director and/or Employee. The allotment to the directors or employees for the aggregate of more than 5.00% of the total warrants must be approved by the shareholders.
- e) If the warrant holder is fired or discharged of being a Director or an Employee, he/she will not have the right to exercise the remaining warrants. Any unexercised warrants must be immediately returned so that the Nomination and Remuneration Committee can choose to allot them to deserved Director and/or Employee.
- f) Should there be any circumstances that do not fall within sub-clauses (b) to (e) above, the Nomination and Remuneration Committee has the absolute discretion to determine and specify the exercise conditions it thinks fit and applicable in such circumstances.

## 2.6 Effects on shareholders as a result of the issuance of warrants including price dilution and control dilution

### 2.6.1 Price dilution

The offering of warrants to the Directors and Employees for the amount of 10,000,000 units will not affect the shareholders during the issuing and offering of the warrants, notwithstanding, there might be an effect when the Directors and Employees exercise the warrant, such effect might be in form of Price dilution as follow:

Case 1 : If book value of the ordinary shares of the company pursuant to the latest financial statements before exercise date was lower or equal to 4.92 Baht, the Exercise price was 4.92 Baht

If book value of the ordinary shares of the company pursuant to the latest financial statements before exercise date was lower or equal to 4.92 Baht that was the book value of the ordinary shares of year ended

2009 financial statement, the Exercise price was 4.92 Baht and, the magnitude of the price dilution was 2.00%. The said calculation is based on the registered capital of the Company of 203,174,100 shares and closing price as at February 22, 2010.

Example for calculation :

Closing price as at February 22, 2010 : 8.60

Market price after exercise warrant : ((Number of paid up ordinary share \* Closing price as at February 22, 2010) + (Number of reserved shares \* book value of the ordinary shares of the company pursuant to the lastest financial statements before exercise date was lower or equal to 4.92 Baht)) / (Number of paid up ordinary share + Number of reserved shares)

$$: [(203,174,100 * 8.60) + (10,000,000 * 4.92)] / (203,174,100 + 10,000,000)$$

$$: 8.43$$

Price Dilution: (Closing price as at February 22, 2010 – Market Price after exercise)/ Closing price as at February 22, 2010

$$: (8.60 - 8.43) / 8.60$$

$$: 0.02 \text{ or } 2\%$$

Case2 : If book value of the ordinary shares of the company pursuant to the lastest financial statements before exercise date was higher than 4.92 Baht, the Exercise price was the said book value

If book value of the ordinary shares of the company pursuant to the lastest financial statements before exercise date was higher than 4.92 Baht that was the book value of the ordinary shares of year ended 2009 financial statement, the Exercise price was the said book value and the magnitude of the price dilution was less than 2.00%.

Example for calculation : Assume that Book Value as of Exercise Date was 6 Baht

Closing price as at February 22, 2010 : 8.60

Market price after exercise warrant : (Number of paid up ordinary share \* Closing price as at February 22, 2010) + (Number of reserved shares \* book value of the ordinary shares of the company pursuant to the lastest financial statements before exercise date was lower or equal to 4.92 Baht) / (Number of paid up ordinary share + Number of reserved shares)

$$: [(203,174,100 * 8.60) + (10,000,000 * 6.00)] / (203,174,100 + 10,000,000)$$

$$: 8.48$$

Price Dilution: (Closing price as at February 22, 2010 – Market Price after exercise)/ Closing price as at February 22, 2010

$$: (8.60 - 8.48) / 8.60$$

$$: 0.014 \text{ or } 1.40\%$$

## 2.6.2 Control dilution

When the Directors and Employees exercise the entire warrants to purchase the total amount of the 10,000,000 reserved shares, the profit sharing or voting rights of the existing shareholders will be diluted by not more than 4.69% of the existing profit sharing or voting rights. The said calculation is based on the registered capital of the Company of Baht 213,174,000.

## 2.7 Other information material to the investors' decision making (if any)

The investor who invested in the Company's shares will receive the benefit (in form of both dividend (if any) and value of shares) from the performance of the Directors and Employees. Those who are allotted the warrants will be encouraged to perform to the best of their ability to enhance the value of the Company's shares.

## 2.8 Shareholders' right of objection

This issue of warrants to the Directors and Employees requires the approval of the shareholders with at least three-quarter votes of all shareholders present and eligible to vote at the Annual General Meeting. Any shareholders holding in aggregate more than 10.00% of the total votes of all shareholders present and eligible to vote have the right to object to this issue of warrants but the resolution to approve the allocation for Director who got more than 5% of total warrants that any shareholders holding in aggregate more than 10.00% of the total votes of all shareholders present and eligible to vote have the right to object to this issue of warrants