

# Great Tree Pharmacy Co., Ltd.

## Meeting Agenda to the Annual Shareholders' Meeting 2023

### (Summary Translation)

Time: 10 a.m., Wednesday, May 31, 2023

Venue: 17F, No. 186, Fuxing Rd., Taoyuan Dist., Taoyuan City

Method of convention: Physical shareholders' meeting

- I. Calling the Meeting to order (Announcing the total number of shares represented at the Meeting)
- II. The Chair's Remarks
- III. Report Items
  - (I) 2022 Business Report
  - (II) 2022 Audit Committee's Audit Report.
  - (III) 2022 Distribution of Employees' and Directors' Remuneration.
  - (IV) 2022 Appropriation of Net Income in Cash Dividends.
  - (V) 2022 Report on the First Private Placement of Domestic Unsecured Convertible Corporate Bonds.
  - (VI) 2022 Report on the Second Issuance of Domestic Unsecured Convertible Corporate Bonds.
- IV. Proposals
  - (I) 2022 Business Report and Financial Statements.
  - (II) 2022 Appropriation of Net Income.
- V. Discussions
  - (I) Proposal to issue new shares through capitalization of earnings.
  - (II) Proposal to amend certain articles of the Company's "Articles of Incorporation".
  - (III) Proposal to amend certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets".
  - (IV) Proposal on private placement of common shares and/or domestic convertible corporate bonds, to be handled.
- VI. Electoral matters  
Proposal on re-election of all Directors.
- VII. Other Proposals  
Proposal to release the newly elected Directors and their representatives from non-competition restrictions.
- VIII. Extraordinary Motions
- IX. Adjournment

## Report Items

- I. Please examine the Company's 2022 Business Report.

Description: Please refer to the meeting handbook for the Company's 2022 Business Report.

- II. Please examine the Company's 2022 Audit Committee's Audit Report.

Description: Please refer to the meeting handbook for the 2022 Audit Committee's Audit Report.

- III. Please examine the Company's 2022 Distribution of Employees' and Directors' Remuneration.

Description: In 2022, the profit of the Company was NT\$889,909,452, the Directors' remuneration distributed under the Articles of Incorporation was 0.57% of the total amount of NT\$5,072,484, and the employees' remuneration was 3% of the total amount of NT\$26,697,284, which was paid in cash.

- IV. Please examine the Company's 2022 Appropriation of Net Income in Cash Dividends.

Description:

1. Pursuant to Article 23 of the Company's Articles of Incorporation, the Board of Directors is authorized to distribute all or part of the dividends and bonuses in cash and report to the Shareholders' Meeting.
2. The Board of Directors meeting held on February 23, 2023 resolves to distribute cash dividends of NT\$422,522,017 for ordinary shares (cash dividends of NT\$4.70 per share), and they are to be distributed in cash.
3. Subsequently, if changes occur to the Company's share capital, affecting the number of shares outstanding, leading to adjustments to the rate of shareholders' dividend distribution, the Company proposes to delegate the Chairman with all competent authority to handle related matters. In addition, the Company also proposes to delegate the Chairman to establish related matters, including setting an ex-dividend date.
4. For the current cash dividend distribution, the dividend will be calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down. Shares below one NTD will be adjusted from the largest decimal place, until the total amount of cash dividend has been distributed.

- V. Please examine the report of the Company's first private placement of domestic unsecured convertible corporate bonds in 2022.

Description:

1. On May 31, 2022, the Company passed a resolution at the General Shareholders' Meeting, authorizing the Board of Directors to issue domestic unsecured convertible corporate bonds through private placement, within the limit of 2

million common shares, to attract strategic investors. The par value of the corporate bonds is NT\$100,000 and can be issued once within a year from the date of the resolution at the General Shareholders' Meeting.

2. The Company's first private placement of domestic unsecured convertible corporate bonds amounts to NT\$220,000 thousand, with the outstanding amount received on September 15, 2022, and the issuance period is from September 29, 2022 to September 29, 2025.
3. The Company's first private placement of domestic unsecured convertible corporate bonds are in accordance with the "Directions for Public Companies Conducting Private Placements of Securities" . Please refer to the meeting handbook for details are given.

VI. Please examine the report of the Company's second issuance of domestic unsecured convertible corporate bonds in 2022.

Description:

1. On July 7, 2022, the Board of Directors passed a resolution to raise NT\$1 billion through the second issuance of unsecured convertible corporate bonds for the repayment of bank borrowings and to increase the working capital.
2. For the Company's second issuance and fundraising of domestic unsecured convertible corporate bonds (Code: 64692), please refer to the meeting handbook.

## Proposals

Proposal 1. (proposed by the Board of Directors)

Proposal: Please approve of the Company's 2022 Business Report and Financial Statements.

Description:

1. The Company's 2022 Financial Statements have been audited by Certified Public Accountants (CPA) Lo Hsiao Chin and Hung Mao I from EY Taiwan and reviewed by the Audit Committee along with the Business Report, and written Audit Report has been issued accordingly.
2. Please refer to the meeting handbook for the 2022 Business Report, CPA Audit Report and the Financial Statements (including Consolidated Financial Statements).

Resolution:

Proposal 2. (proposed by the Board of Directors)

Proposal: Please approve of the Company's 2022 Appropriation of Net Income.

Description:

1. The Company's net income after tax in 2022 was NT\$700,070,675. The Company made a legal provision for legal capital reserve and special reserve. After adding the undistributed surplus and other comprehensive incomes at the beginning of the year (the re-evaluation of the defined benefit plan in 2022), the Company's available distribution surplus was NT\$630,200,455, the cash dividend of common shares was NT\$422,522,017 (cash dividend of NT\$4.70 per share), and common stock dividends amount to NT\$206,766,090 (with 230 shares distributed per thousand shares, without compensation).
2. Please refer to the meeting handbook for the Company's 2022 Appropriation of Net Income table.

## Discussions

Proposal 1. (proposed by the Board of Directors)

Proposal: Please discuss the proposal to issue new shares through capitalization of earnings.

Description:

1. To meet the operating needs and increase the Company's working capital, the Company intends to transfer NT\$206,766,090 to issue 20,676,609 new shares, with a par value of NT\$10 per share, all of which are common shares, from the profit available for distribution in 2022.
2. Shareholders' stock dividends are allocated approximately 230 shares per thousand shares according to the proportion of shares held by the shareholders listed in the shareholders' register on the base date of capital increase and allotment. Odd lots of less than 1 share shall be distributed in cash and rounded to the nearest dollar (NT\$) pursuant to Article 240 of the Company Act. Shareholders can also piece together shares owned to the nearest one whole share to the share transfer agency within 5 days from the ex-dividend date. The Chair shall be authorized to negotiate with specific persons to purchase the petty cash at par value.
3. Subsequently, if changes occur to the Company's share capital, affecting the number of shares outstanding, leading to adjustments to the rate of shareholders' dividend distribution, the Company proposes to delegate the Chairman with all competent authority to handle related matters.
4. New shares to be issued in the current capital increase have the same rights and obligations as the common shares already issued.
5. Upon approval from the Shareholders' Meeting and applying to the competent authority for approval pursuant to legal regulations, the Company proposes to ask the Shareholders' Meeting to authorize the Board of Directors to establish the ex-rights date and related matters. In case changes are needed based on competent authority's request for amendment or based on actual needs, the Company proposes to ask the Shareholders' Meeting to delegate the Chairman with all rights to handle related matters.

Resolution:

Proposal 2. (proposed by the Board of Directors)

Proposal: Please discuss the proposal to amend the Company's "Articles of Incorporation".

Description:

1. In response to its future capital planning, the Company plans to increase the total capital to NT\$2 billion, a total of 200,000,000 shares.
2. In addition, in conjunction with the increase in the total amount of capital, it is proposed to adjust the reserved amount of the warrants for the issuing employees, revise the provisions of the "Articles of Incorporation" of the Company, and revise the comparison table of the provisions before and after, please refer to the meeting handbook.

Resolution:

Proposal 3. (proposed by the Board of Directors)

Proposal: Please discuss the proposal to amend the Company's "Regulations Governing the Acquisition and Disposal of Assets".

Description:

1. In order to meet the Company's actual needs, the provisions of the "Regulations Governing the Acquisition and Disposal of Assets" shall be amended.
2. For a comparison of the provisions before and after the amendment of the "Regulations Governing the Acquisition and Disposal of Assets", please refer to the meeting handbook .

Resolution:

Proposal 4 (proposed by the Board of Directors)

Proposal: Please discuss the proposal on private placement of common shares and/or domestic convertible corporate bonds.

Description:

In order to enrich the working capital to achieve the benefits of expanding the channel, increasing the market share and strengthening the financial structure, the Company intends to propose to the Board of Shareholders to authorize the Board, within the limit of not more than 2 million shares of common shares, depending on the market environment and the Company's needs, to select one or match the following financing methods at an appropriate time in accordance with the relevant laws, the Articles of Incorporation of the Company and other competent authorities. If the domestic unsecured convertible corporate bonds are issued through private placement, the number of common shares that can be converted into convertible bonds shall be calculated at the conversion price on the date of private placement within 2 million shares.

I. As for the proposal to offer common shares and/or domestic unsecured convertible corporate bonds in a private placement form, the Board decides to implement the offering by the following method, after being approved by the Shareholders' Meeting:

(I) Matters which shall be explained when offering private placement as set out in Articles 43-6 of the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities:

1. The basis and reasonableness of the private placement pricing:

- ①. The basis for setting the offering price of these privately placed common shares is not lower than 80 percent of the reference price. The reference

price of private placement of common shares shall be the higher of the following two calculations:

A. The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

B. The simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

②. The offering price of the Company's privately placed domestic unsecured convertible corporate bonds is determined to be at no less than 80 percent of the theoretical price of such corporate bonds. The conversion price of private placement of common shares shall be the higher of the following two calculations, and is determined to be at no less than 80 percent of the reference price:

A. The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

B. The simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

③. The fixed price per share for privately placing common shares and the conversion price for privately placed domestic unsecured convertible corporate bonds comply with the laws and regulations concerning the current situation and prospects of the Company, and considering the three-year transfer restriction on privately placed securities under the Securities and Exchange Act and the basis for the price of the Company's privately placed securities are set under the "Directions for Public Companies Conducting Private Placements of Securities." It may be reasonable that the regulations on items needing attention in the private placement of securities shall not cause significant damage to shareholders' equity.

- ④. The actual pricing date, and the actual private placement price, of the Company's securities above, are proposed to be submitted to the 2023 annual shareholders meeting to authorize the Board to set the price by law and within the range of not less than the number and basis of the resolution of the 2023 annual shareholders meeting, subject to future contact with specific persons and the market conditions at that time.
  - ⑤. In the future, due to the impact of any change in the securities market, if the actual price per share issued or the conversion price per share set is lower than the par value of the stock, such price setting is deemed to be necessary and reasonable, given that the price is set based on the provisions of laws and regulations, that it is a reflection of the market price, and that the purpose of the private placement is to successfully raise funds for the Company's long-term and stable growth. If the price per share and the conversion price are lower than the par value, resulting in an increase in accumulated losses and an impact on shareholders' equity, shareholders shall evaluate the annual operational results at the future Annual shareholders' meetings, and discuss whether to reduce capital or make up for the losses through other statutory methods.
2. The method for selecting the specific persons:
- ① The places for the private placement of this resolution are limited to specific persons who meet the requirements of Article 43-6 of the Securities and Exchange Act and relevant official letters and orders issued by the competent authority. At present, the candidates to be negotiated are mostly strategic investors. The 2023 Annual General Shareholders' Meeting proposes to empower the Board to handle the relevant matters with full authority.
  - ② Fundraisers are strategic investors
    - A. Method and purpose of selection of candidates: Candidates shall meet the above regulations and qualifications, and can provide the Company's profits, through their own experience, technology, knowledge, brand or channel, through industry vertical integration, horizontal integration or joint development of goods or markets, etc., can help the Company reduce costs, improve efficiency and expand the market and other benefits of the legal person.



B. Necessity: In order to improve the operating performance and strengthen the financial structure for the Company's long-term operation planning, the introduction of strategic investor funds in this private placement shall help the Company's operation and business development, and can improve the overall operation of the Company and strengthen the centripetal force on the Company. Therefore, it is necessary to introduce strategic investors in this private placement.

C. Estimated Benefits: Through strategic investor capital injection, the pressure on working capital costs can be reduced and the Company's financial structure and competitiveness can be strengthened, which promotes the stable growth of the Company's operations and is beneficial to shareholders' equity. The participation of places helps to improve the Company's competitiveness, expand channels directly or indirectly, and provide diversified products.

3. The reasons for the necessity of offering private placement:

① The reasons for not using a public offering:

Considering the conditions of the capital market, the timeliness and feasibility of raising capital, the cost of issuance and the actual needs of introducing strategic investors, the private placement of securities is subject to the three-year non-free transfer requirement, which can ensure that the Company and the strategic investors have a long-term cooperative relationship. Therefore, instead of public offering, the Company plan to issue securities by private placement.

② Estimated number of times:

The Company shall handle them once or in stages, no more than three stages, during a given calendar year since the resolution of the 2023 Annual General Shareholders' Meeting, depending on the market and the situation of contacting specific persons.

③ The use of the funds raised by the private placement and the anticipated benefits:

A. The purpose of private placements is to increase the working capital.

B. Expected benefits: Expand channels, increase market shares and reinforce the Company's financial structure.

(II) The rights and obligations of the common shares in this private placement and the common shares in the domestic unsecured convertible corporate bonds of the

private placement are the same as those of the common shares issued by the Company, except that according to the provisions of the Securities Exchange Law, the securities in this private placement shall not be sold to other objects within three years from the date of delivery, except for the objects of transfer prescribed in Article 43-8 of the Securities Exchange Law. The 2023 Annual General Shareholders' Meeting is proposed to authorize the Board to declare the Supplementary Public Offering Procedure after the expiration of three years from the date of delivery of the common shares of the Private Placement and after the expiry of three years from the date of delivery of the domestic unsecured convertible corporate bonds of the Private Placement and their conversion into common shares, according to the relevant provisions at that time, after applying to the Over-the-Counter Trading Center for a letter of consent, and applying for over-the-counter trading.

- (III) For the Regulations Governing the Issuance and Conversion of Private Placement of Unsecured Convertible Corporate Bonds (Tentative), please refer to the meeting handbook.
- (IV) In addition to the actual offering price and the actual conversion price per share, the number of shares issued, the number of shares issued, the actual issuance conditions and conversion methods, the amount of private placement, the capital increase base date, the planned project, the expected progress, the progress of the use of funds, estimated benefits and other outstanding matters, in the future, if amended by the instructions of the competent authority or due to any change in objective environment and market conditions, it is proposed to request the shareholders' ordinary meeting to authorize the Board to dispose of it at its sole discretion.
- (V) For cooperation in handling the Private Securities, it's planned to hold the 2023 annual shareholders meeting to pass the private placement and to authorize the Chair of the Board or his designated person to negotiate, sign and deliver all contracts or documents related to the issuance of the Private Placement Securities on behalf of the Company and handle all matters necessary for the Company to issue the Private Placement Securities. For all matters not covered above, the Chair of the Board is authorized to handle them by law.

Resolution:

## **Electoral matters**

(proposed by the Board of Directors)

Proposal: Re-election of all Directors.

Description:

1. The third term of office is expiring on June 16, 2023, and all Directors of the Company are re-elected at the Annual General Shareholders' Meeting under the Company Law.
2. In accordance with the provisions of Article 14 of the Articles of Incorporation of the Company, the nine seats (including four seats for Independent Directors) of the elected Directors shall be nominated by the shareholders on the list of candidates for Directors.
3. The term of office of the newly appointed Directors (including Independent Directors) shall be three years, from May 31, 2023 to May 30, 2026. The term of office of the original director shall expire upon the completion of the shareholders' meeting.
4. The list of candidates for the election of Directors (including Independent Directors) was approved by the 22nd Board of Directors of the third session of the Company, and please refer to the meeting handbook for their academic experience and other relevant information.
5. Please elect.

Result of election:

## Other Proposals

(proposed by the Board of Directors)

Proposal: The case for releasing the newly elected Directors and their representatives from non-competition restrictions, submitted for discussion.

Description:

1. Pursuant to Article 209 (1) of the Company Act, Directors shall explain the important contents of their actions to the shareholders' meeting and obtain their permission for their own or others' conduct that falls within the scope of the Company's business.
2. Considering the newly elected Directors or investment or operation of other companies with the same or similar business scope as the Company and acting as a director, as set out in Article 209 of the Company Act, the 2023 annual shareholders meeting is proposed to agree to lift the restrictions on the competitive behavior of the following Directors and their representatives.

Title	Name	Positions concurrently held in other companies
Juridical Person Directors' Representatives	Zhen Han Investment Co., Ltd. Representative: Cheng Ming Lung	Director of Tree Top Molecular Biotechnology Co., Ltd. Chairman of Da Yu Property Management Co., Ltd. Chairman of Zhen Han Investment Co., Ltd Chairman of Hao Cheng Investments Co., Ltd.
Juridical Person Directors	Top Taiwan XI Venture Capital Co., Ltd.	Director of Steminent Biotherapeutics Inc. Director of TaiHao Medical Inc. Director of TRUST BIO-SONICS INC.
Director	Lu Shan Feng	Chairman of Great Tree Pets Co., Ltd. Juridical Person Directors' Representatives of GREAT TREE INTERNATIONAL SDN.BHD.
Juridical Person Directors' Representatives	Hao Cheng Investment Co., Ltd. Representative: Yeh Shih Wei	Chairman of Bailin Logistics Co., Ltd. Juridical Person Directors' Representatives of Great Tree Pets Co., Ltd.

Resolution:

## Extraordinary Motions

## Adjournment