

# **Great Tree Pharmacy Co., Ltd.**

## **Meeting Agenda to the Annual Shareholders' Meeting 2019**

### **(Summary Translation)**

Time: 10 a.m., Wednesday, June 26, 2019

Venue: No. 143, Chengzhang 4th Street, Zhongli District, Taoyuan City.

- I. Calling the Meeting to Order (Announcing the total number of shares represented at the Meeting)
- II. The Chair's Remarks
- III. Management Presentation
  - (I) The Company's 2018 Business Report.
  - (II) The Company's 2018 Supervisors' Audit Report.
  - (III) The Company's 2018 Distribution of Employee Compensation and Remunerations of The Directors and Supervisors.
  - (IV) Amendments to the Company's "Corporate Governance Best Practice Principles."
  - (V) Status of the Company's Issuance of Domestic Unsecured Convertible Bonds.
- IV. Proposals
  - (I) The Company's 2018 Business Report and Financial Statements.
  - (II) The Company's 2018 Appropriation of Net Income.
- V. Discussions
  - (I) Proposal for a new share issue through capitalization of earnings.
  - (II) Proposal to amend the Company's "Articles of Incorporation."
  - (III) Proposal to amend the Company's "Procedures for Acquisition and Disposal of Assets."
  - (IV) Proposal to amend the Company's "Procedures for Loaning of Funds."
  - (V) Proposal to amend the Company's "Procedures for Providing Endorsements/Guarantees."
- VI. Extraordinary Motions
- VII. Adjournment

## Management Presentation

I. Please examine the Company's 2018 Business Report.

Explanation: Please refer to the meeting agenda for the Company's 2018 Business Report.

II. Please examine the 2018 Supervisors' Audit Report.

Explanation: Please refer to the meeting agenda for the 2018 Supervisors' Audit Report.

III. Please examine the Company's 2018 Distribution of Employee Compensation and Remunerations of the Directors and Supervisors.

Explanation: The Company has had NT\$135,694,739 of profit in 2018 (all functional currency denoted in NTD in the following in this Handbook). Pursuant to the Company's Articles of Incorporation, 0.89% of which, or NT\$1,207,683, and 3% of which, or NT\$4,070,843, will be distributed in cash to Directors and Supervisors, and employees respectively.

IV. Please examine the Company's proposed amendments to the Company's "Corporate Governance Best Practice Principles."

Explanation: Please refer to the meeting agenda for Table of Comparisons Before and After Amendments of "Corporate Governance Best Practice Principles."

V. Status of the Company's Issuance of Domestic Unsecured Convertible Bonds.

Explanation:

1. The Company's Board of Directors' meeting on March 9, 2018 has approved of issuance of NT\$300 million of the first batch of domestic unsecured convertible bonds. The purpose of this financing activity is to repay bank borrowings and for operating needs.
2. Please see the following table for the status of the Company's issuance of domestic unsecured convertible bonds:

Type of bond	First batch of domestic unsecured convertible bond
Nominal amount issued	NT\$100,000
Issued price	NT\$100
Total	NT\$300,000,000
Par interest rate	0%
Duration	June 12, 2018 to June 12, 2021
Convertible premium rate	103.00%
Most recent conversion price	NT\$79.80
Conditions of bond repurchase	Processed according to Article 19 of the Company's Rules of Procedure of Issuance
Conditions of bond buyback	Processed according to Article 18 of the Company's Rules of Procedure of Issuance
Underwriting institution	960T Fubon Securities Co., Ltd.
Number of ordinary shares converted and amount yet to be converted as of the date of publication of this Handbook	Number of ordinary shares converted: 0 Amount yet to be converted: NT\$300,000,000

## Proposals

Proposal 1 (proposed by the Board of Directors)

Proposal: Please approve of the Company's 2018 Business Report and Financial Statements.

Explanation:

1. The Board of Directors has approved of the Company's 2018 Financial Statements, which have been audited by Certified Public Accountants (CPA) Lo Hsiao Chin and Cheng Ching Piao from Ernst & Young Taiwan and reviewed by the Supervisor along with the Business Report pursuant to the Company Act.
2. Please refer to the meeting agenda for the 2018 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 2018 Appropriation of Net Income.

Explanation:

1. The Company's net profit after-tax in 2018 has been NT\$106,002,288. After appropriation of legal capital reserve in accordance with the law, adding beginning retained earnings and deducting other comprehensive income (remeasurement of defined benefit plan), the income available for appropriation is NT\$190,600,629. The Company proposes to distribute cash dividends of NT\$47,517,077 for ordinary shares (cash dividend of NT\$1.30 per share), and stock dividends of NT\$47,517,070 (share bonus of 130 shares per thousand shares). Please refer to the meeting agenda for the Appropriation of Net Income.
2. After obtaining approval from the Shareholders' Meeting for the 2018 Appropriations of Net Income, if the distribution chart needs to be adjusted pursuant to decree from the competent authority, the Company will undertake the change based on the said decree. 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 ask the Shareholders' Meeting to delegate the Chairman with all rights to handle related matters. In addition, the Company proposes to ask the Shareholders' Meeting to authorize the Chairman to establish the ex-dividend date and related matters.
3. Cash dividends will be calculated in proportion to the nearest NTD. Amounts less than NT\$1 will be counted cumulatively and adjusted from the largest to the smallest and based on the number of the shareholders' account numbers until the current cash dividend total is met.

Resolution:

## Discussions

Proposal 1 (proposed by the Board of Directors)

Proposal: Please discuss the proposal to distribute new shares through transferring capital surplus.

Explanation:

1. In line with operating needs and to fulfill the Company's capital needs, the Company proposes to allocate NT\$47,517,070 from the Company's 2018 surplus available for appropriation, and to issue 4,751,707 new shares as capital increase. Each share will have a par value of NT\$10, and all will be ordinary shares.
2. 130 shares will be distributed for every 1,000 shares in proportion to the number of shares owned by shareholders recorded on the list of stockholders on the ex-dividend date. Petty stock of less than 1 share will be distributed in cash and rounded to the nearest dollar (NTD) 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 Chairman will 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 ask the Shareholders' Meeting 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 ordinary shares already issued.
5. Upon approval from the Annual Shareholders' Meeting and applying to the competent authority for approval pursuant to the law, the Company proposes to ask the Annual Shareholders' Meeting to authorize the Board of Directors to establish the ex-dividend 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 Annual 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 parts of the Articles from the Company's Articles of Incorporation.

Explanation:

1. Pursuant to amendments of parts of the Articles from the Company Act announced in the No. 10700083291 Directive Letter on August 1, 2018, the Company has also established the following directives for amendment:
  - (1) Establish English name of the Company pursuant to Article 392-1 of the Company Act.
  - (2) Amended relaxing of regulations related to employee compensation or target of transfer shall include employees who meet certain criteria of control from subsidiary company pursuant to Articles 167-1, 167-2, 235-1, 267 (Paragraphs 7 and 11) of the Company Act, and Article 28-2 from the Securities and Exchange Act.
2. Please refer to the meeting agenda for a comparison table of amendments.

Resolution:

Proposal 3 (proposed by the Board of Directors)

Proposal: Please discuss the proposal to amend parts of the Articles from the Company's "Procedures for Acquisition and Disposal of Assets."

Explanation:

1. Pursuant to Directive No. 1070341072 announced by the FSC on November 26, 2018, the Company will amend parts of the Articles in the "Procedures for Acquisition and Disposal of Assets" accordingly.
2. Please refer to the meeting agenda for a comparison table of amendments.

Resolution:

Proposal 4 (proposed by the Board of Directors)

Proposal: Please discuss the proposal to amend parts of the Articles from the Company's "Procedures for Loaning of Funds."

Explanation:

1. Pursuant to Directive No. 1080304826 announced by the FSC on March 3, 2019, the Company will amend parts of the Articles in the "Procedures for Loaning of Funds" accordingly.
2. Please refer to the meeting agenda for a comparison table of amendments.

Resolution:

Proposal 5 (proposed by the Board of Directors)

Proposal: Please discuss the proposal to amend parts of the Articles from the Company's "Procedures for Providing Endorsements/Guarantees."

Explanation:

1. Pursuant to Directive No. 1080304826 announced by the FSC on March 3, 2019, the Company will amend parts of the Articles in the "Procedures for Providing Endorsements/Guarantees" accordingly.
2. Please refer to the meeting agenda for a comparison table of amendments.

Resolution:

## **Extraordinary Motions**

## **Adjournment**