



Great Tree Pharmacy Co., Ltd.

2022 Annual Shareholders' Meeting  
Meeting Handbook

Time: May 31, 2022

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

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## **Chapter 1 Meeting Procedure**

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

#### **Meeting Procedures of the 2022 General Shareholders' Meeting**

- I. Calling the Meeting to Order
- II. The Chair's Remarks
- III. Report Items
- IV. Proposals
- V. Discussions
- VI. Extraordinary Motions
- VII. Adjournment

## **Chapter 2 Meeting Agenda**

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

#### **Agenda of 2022 General Shareholders' Meeting**

Time: 10 a.m., Tuesday, May 31, 2022

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) 2021 Business Report.
  - (II) 2021 Audit Committee's Audit Report.
  - (III) 2021 Distribution of Employee Compensation and Remunerations of the Employees and Directors.
  - (IV) 2021 Appropriation of Net Income in Cash Dividends.
- IV. Proposals
  - (I) 2021 Business Report and Financial Statements.
  - (II) 2021 Appropriation of Net Income.
- V. Discussions
  - (I) Proposal for a new share issue through capitalization of earnings.
  - (II) Proposal to amend certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets".
  - (III) Discussion of private placement of common shares and/or private placement of domestic convertible corporate bonds.
- VI. Extraordinary Motions
- VII. Adjournment

## **Report Items**

I. Please examine the Company's 2021 Business Report.

Description: Please see Attachment 1 on Pages 13-15 in this Handbook for the Company's 2021 Business Report.

II. Please examine the Audit Committee's audit report for 2021.

Description: Please see Attachment 2 on Pages 16 in this Handbook for the 2021 Audit Committee's Report.

III. Please examine the Company's 2021 Distribution of Employee Compensation and Remunerations of The Directors.

Description: The Company has had NT\$511,892,210 of profit in 2021 (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\$4,555,841, and 3% of which, or NT\$15,356,767, will be distributed in cash to Directors and employees respectively.

IV. Please examine the Company's 2021 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 25, 2022 resolves that the Company's after-tax net profit in 2021 was NT\$407,418,481. After appropriating legal capital reserve, adding the beginning undistributed surplus and other comprehensive income or loss (remeasurements of defined benefits plan in 2021), the income available for distribution for this period was NT\$364,946,686. The Company is to distribute cash dividends of NT\$182,241,423 for ordinary shares (cash dividend of NT\$2.57 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.

## Proposals

Proposal 1 (proposed by the Board of Directors)

Proposal: Please approve of the Company's 2021 Business Report and Financial Statements.

Description:

1. The Company's 2021 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 see Attachment 1 on Pages13-15 and Attachment 3 on Pages17-35 in this Handbook for the 2021 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 2021 Appropriation of Net Income.

Description:

1. The Company's after-tax net profit in 2021 was NT\$407,418,481. After appropriating legal capital reserve, adding the beginning undistributed surplus and other comprehensive income or loss (remeasurements of defined benefits plan in 2021), the income available for distribution for this period was NT\$364,946,686. The Company proposes to distribute cash dividends of NT\$182,241,423 for ordinary shares (cash dividend of NT\$2.57 per share), and share dividends of NT\$182,241,420 (share bonus of approximately 257 shares per thousand shares).
2. The Company's 2021 appropriation of net income is listed in the table below:

Great Tree Pharmacy Co., Ltd.  
2021 Appropriations of Net Income

Unit: NT\$

Item	Amount
Beginning retained earnings	\$455,836
Less: other comprehensive income (remeasurements of defined benefit plan in 2021)	(2,428,648)
Add: 2021 after-tax net income	407,418,481
Less: appropriation of legal capital reserve	(40,498,983)
Income available for distribution for this period	<u>364,946,686</u>
Allocations	
Cash dividends (approximately NT\$2.57 per share)	(182,241,423)
Share dividends (approximately NT\$2.57 per share)	(182,241,420)
	<u>(364,482,843)</u>
Ending retained earnings	<u><u>\$463,843</u></u>
<p>Note:</p> <p>1. Profits from 2021 would be appropriated first during current appropriations of profits.</p> <p>2. Calculation of appropriation of legal capital reserve:  <math>(407,418,481 - 2,428,648) * 10\% = 40,498,983</math></p> <p>3. Calculation is based on 70,911,059 shares outstanding as of February 25, 2022.</p>	

Chairman: Cheng Ming Lung      Manager: Cheng Ming Lung      Accounting Manager: Wu Shu Yi

Resolution:

## **Discussions**

Proposal 1 (proposed by the Board of Directors)

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

Description:

1. In line with operating needs and to replenish the Company's working capital, the Company proposes to allocate NT\$182,241,420 from the Company's 2021 surplus available for appropriation, and to issue 18,224,142 new shares as capital increase. Each share will have a par value of NT\$10, and all will be ordinary shares.
2. 257 shares will be distributed for every 1,000 shares in proportion to the number of shares owned by shareholders recorded on the list of shareholders 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 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 Board of Directors with all rights to handle related matters.

Resolution:

Proposal 2 (proposed by the Board of Directors)

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

Description:

1. Pursuant to Directive Letter No. 1110380465 announced by the FSC on January 28, 2022, the Company will amend certain articles of its "Regulations Governing the Acquisition and Disposal of Assets".
2. For the comparison table of the "Regulations Governing the Acquisition and Disposal of Assets" before and after the amendments, please refer to Attachment 4 on Pages 36-49 of this Handbook.

Resolution:

Proposal 3 (proposed by the Board of Directors)

Proposal: Discussion of private placement of common shares and/or private placement of domestic convertible corporate bonds.

Description:

In order to enrich working capital, expand channels, and increase the benefits of channels and market share, It will be proposed for the shareholders meeting to authorize the Board of Directors to choose appropriate timing and fund fundraising instrument(s) by one or a combination of methods: conduct private placement of common shares and/or conduct private placement of domestic convertible corporate bonds, within the limit of 2 million common shares, depending on the market conditions and the Company's needs, in accordance with the applicable laws and regulations and the following fund raising method principles. When domestic convertible corporate bonds are issued through private placement, the number of common shares that can be converted from privately placed convertible corporate bonds shall be within the aforementioned scope of 2 million shares, and shall be calculated in accordance with the conversion price determined at the time of private placement.

1. For the proposal to offer ordinary shares and/or domestic unsecured convertible corporate bonds through private placement, the Board of Directors would like to request the Shareholders' Meeting to authorize the Board of Directors to implement the offering with the following method:
  - (I) Matters which shall be explained when offering private placement in accordance with the provisions of Article 43-6 of the Securities and Exchange Act and 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 issuance price fixed for these privately placed ordinary shares is not lower than 80 percent of the reference price. The reference price of private placement of ordinary shares shall be the higher of the following two calculations:
    - A. The simple average closing price of the ordinary 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 ordinary 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 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 ordinary 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 ordinary 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 ordinary 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 placed ordinary shares and the conversion price for privately placed domestic unsecured convertible corporate bonds are in compliance with the laws and regulations and with reference to the current situation and future 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 in accordance with the "Directions for Public Companies Conducting Private Placements of Securities." It may be reasonable that the regulations on matters needing attention in the handling of private placement of securities will not cause

significant damage to shareholders' equity.

- ④ The actual price determination date and actual private placement price of the Company's private placement of the aforementioned securities are proposed to be submitted to the 2022 Annual Shareholders' Meeting to authorize the Board of Directors to make decisions, under the conditions that it shall comply with laws and regulations, the price shall be within the range of the price basis and percentage determined by the 2022 Annual Shareholders' Meeting, and it shall consider on the circumstances of approaching specific persons and the market conditions by then.
- ⑤ In the future, due to the impact of changes 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 private placement is to successfully raise funds for the long-term and stable growth of the company. 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 will 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 placees 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 placees to be negotiated are mainly strategic investors who may participate in the private placement. It is proposed that the 2022 Annual Shareholders' Meeting will be requested to authorize the Board of Directors to handle matters related to the negotiation with the specific persons.
- ② The placees shall be strategic investors
  - A. The method and objectives of selecting the placees: The placees shall be legal persons who meet the aforementioned regulations and qualifications and are able to provide profits to the Company through their own experience, technology, knowledge, brand or channel, etc., by vertical industry integration, horizontal integration or joint development of products or markets, which assists the Company to reduce costs, increase efficiency, and expand market share.
  - B. Necessity for such a selection of the placee: In response to the

Company's long-term operational planning purposes, in order to improve operational performance and strengthen the financial structure, the introduction of the funds from strategic investors in this private placement will help the Company's operations and business development, improve the Company's overall operating conditions and strengthen the Company's confidence. Therefore, it is indeed necessary to introduce strategic investors in this private placement.

C. The anticipated benefits: With the capital injection from strategic investors, the pressure on working capital costs may be reduced, the financial structure and the competitiveness of the Company may be strengthened, and the Company's operating performance may stably grow. The capital injection is also beneficial to the shareholders' equity. The participation of placees helps to improve the competitiveness of the Company, 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 The anticipated number of closings and the limit on the private placement:

The Company proposes to carry out the Proposed Private Placement with one(1)year in several phases(no more than 3 times) starting from the date of approval by the 2022 Annual Shareholders' Meeting based on the market conditions and the selected investors qualifications.

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

A. The use of the funds raised by the private placement: Enrich working capital and expand channels.

B. The anticipated benefits: Increase the number of channels and market share.

(II) The private placement of ordinary shares and/or ordinary shares converted from domestic unsecured convertible corporate bonds have the same rights and obligations as the ordinary shares issued by the Company. However,

according to the Securities and Exchange Act, the securities in this private placement shall not be resold to other parties within three years from the delivery date, except to the parties stipulated in Article 43-8 of the Securities and Exchange Act. It is proposed to request the 2022 Annual Shareholders' Meeting to authorize the Board of Directors to obtain a consent letter from the Taipei Exchange, depending on the circumstances by then, and then apply for make-up procedures for public offering and OTC trading three years after the delivery date of the privately placed ordinary shares and three years after the delivery date of the domestic unsecured convertible corporate bonds and having been converted into ordinary shares.

- (III) For the Regulations Governing the Issuance and Conversion of Private Placement of Unsecured Convertible Corporate Bonds (Tentative), please refer to Attachment 5 on pages 50-51 of this handbook.
- (IV) The major plans of this private placement of ordinary shares and/or domestic unsecured convertible corporate bonds, in addition to the percentage of the price of the private placement, include the actual issue price and actual conversion price per share, the number of issued shares, the number of issued board lots, the actual issuance conditions and conversion methods, amount of private placement, record date of capital increase, project items, planned progress, progress of fund utilization, estimated potential benefits and other unresolved matters. If they are revised in the future due to the directives of the competent authority or due to changes in the objective circumstances and market conditions, it is proposed to request the Annual Shareholders' Meeting to authorize the Board of Directors to act in accordance with the regulations.
- (V) In order to cooperate with the offering of this private placement of securities, the proposal is to be submitted to the 2022 Annual Shareholders' Meeting, and authorize the Chairman or any person who is designated by the Chairman to negotiate, sign and deliver all contracts or documents related to the issuance of this private placement of securities on behalf of the Company, and handle all matters related to the issuance of this private placement of securities for the Company. For all matters not covered in the aforementioned paragraphs, the Chairman of the Board is authorized to handle them in accordance with the law.

Resolution:

## **Extraordinary Motions**

## **Adjournment**

## Attachment 1

# Great Tree Pharmacy Co., Ltd. Business Report

The Company's 2021 operational performance and future outlook are summarized as below:

### I. 2021 Business Report

#### (I) Implementation status of 2021 Business Plan

The beginning of 2020 saw the emergence of COVID-19 throughout the world. In addition to handling severe epidemic prevention situation, it also has impacted new diversified industries and undertakings. However, for the biotechnology industry, the severity of the pandemic has led to an increase in national health awareness. Along with the trend of an aging population, during the period of pandemic in Taiwan, the demand for pandemic prevention-related products of the Company increased significantly, and the Company's team continued to expand our market presence, resulting in this year's revenue reaching NT\$11.2 billion, a record high in the Company's history.

In 2021, the Company's consolidated net operating revenue has been NT\$11,280,942 thousand, showing a 30.55% increase from 2020. The pretax consolidated profit has been NT\$509,670 thousand, which showed an increase of 109.39% from 2020. Increases in both revenue and pretax profits are mostly attributable to the revenue injections from the surging sales number of COVID-19 prevention-related products, the Company's 49 new stores opened in 2021, and through effective cost control, enhancing operating efficiency. These efforts have paid off in the form of increases in both 2021 consolidated revenue and pretax profit.

At the end of 2020, the Company signed an Asia-Pacific development cooperation agreement with Sugi Holding Co., Ltd. (7649 TYO), a Japanese pharmacy with more than 1,200 stores in Japan. To develop in the Asia-Pacific region together, the Company has obtained the exclusive right to use the trademark authorized by Sugi Pharmacy and the agency right of Sugi Pharmacy products since 2021, and the said products have been exclusively sold in 200 Great Tree Pharmacy stores in Taiwan.

In addition, in view of the demand for companionship derived from the declining birthrate and the aging population, in the second half of 2020, the number of pet dogs and cats in Taiwan has also exceeded the population of children under the age of 15. The golden age of the pet industry in Taiwan has officially begun. Aiming to cross into the pet food and medical care market, the Company entered the pet market for the first time in 2021. It has opened two specialized stores, namely, Bade Xingfeng Store and Neili Chengzhang Store, in September and December, respectively. In 2021, they contributed approximately NT\$14,952 thousand in revenue and their performances are spectacular.

To provide convenient shopping experiences to consumers and to enhance the awareness for our corporate image, the Company continues to optimize both software and hardware facilities in our stores. Through improving in-store style, professional consulting services and building membership services which provide customized healthcare management system, the Company has also strengthened customer loyalty. With the Company's active launch of new stores, there are about 3.84 million members so far. By effective managing approximately 1 million active members and new stores continuing to bring in new members, our revenues have continued to grow.

- (II) Budget implementation status: The Company did not disclose 2021 financial estimates; therefore, disclosure of budget implementation is not necessary.

(III) Financial Revenue/Expense and Profitability Analysis

Unit: in NT\$1,000's

Item	2021	2020
Cash flow from operating activities	1,077,660	728,128
Cash flow from investing activities	(268,427)	(253,470)
Cash flow from financing activities	(336,566)	53,021
Return on assets (%)	6.51	4.10
Return on equity (%)	23.49	14.05
Ratio of net profit before tax to paid-in capital	72.08	45.63
Net profit margin	3.61	2.23
Earnings per share (NT\$)	5.83	2.88

Note: The financial information presented is consolidated information that has followed IFRS reporting standards.

- (IV) Research and development (R&D) status: The Company is in the chain pharmaceutical retail business and does not have a dedicated R&D unit. Nevertheless, our product marketing department is actively dedicated to product development to serve the diverse needs of our broad customer base.

## II. Outline of 2022 Business Plan

The second five-year plan of Great Tree Pharmacy is implemented between 2021 and 2025, and the Company has specifically planned the following major management policies:

(I) Management policy and important production and marketing policies

- ① Plan of a thousand stores in Taiwan: We will continue to optimize our successful store launch model and open a respective of 300 and 200 stores based on the types of business districts and communities, and we plan to develop about 500 authorized stores, allowing consumers to order online and pick up goods offline.
- ② Three crossover plans: Cross-brand: The Company has introduced overseas exclusive agency products from Sugi Pharmacy, and the Company's channel differentiation is formed through diversified products; Cross-industry: The Company has crossed into the health retail service industry outside the pharmacy, and invested in cross-industry investment of pet food and medical care in 2021. With the vigorous development of the pet industry, the output value of the related demands is also considerable; Cross-border: The overseas development plan with Sugi Pharmacy is gradually carried out. Market transformation needs. The plan aims to combine the compound experiences of cosmeceutical channel and product categories of both parties to provide the transformation needs of overseas markets.

(II) Expected Sales Volume and Basis

The Company is a channel of chain pharmacy. Due to large variety of products sold and in different quantity units, it is not possible to provide the expected sales quantity. According to "turnover of wholesale, retail and catering industry" issued by the Department of Statistics of the Ministry of Economic Affairs, the annual compound growth rate is 1.85% from NT\$164.8 billion in 2011 to NT\$198.0 billion in 2021.

Therefore, the domestic retail market of drugs and cosmetics has a moderate and optimistic growth trend as a whole. The Company is actively opening up new stores and expanding its business scale and expects to maintain stable revenue growth.

### III. Sustainable development and Future insight

Along the process of corporate development of Great tree pharmacy Ltd., we have always uphold our ultimate goal of becoming “the most trustworthy pharmacy” by making great contributions for our employees, suppliers, shareholders through fulfilling our social responsibility as “the peoples’ pharmacy”.

Throughout these two years affected by the COVID epidemic, the company has not only provided the most complete medical products to the public, but also a large number of anti-epidemic supplies to those who were in great need in order to help them get through this tough time. In terms of environmental protection, the company has also been actively cooperating and working with different suppliers in order to launch a new series of products using more carbon-friendly processes, allowing us to bring more environmentally friendly products and choices to the society to help make the world a healthier and cleaner place.

### IV. Future Company development strategies

The Company will follow an active and sound growth strategy by recruiting professional talent on one hand, and actively develop new products and new markets on the other, enabling it to become the best in the industry.

Since its establishment, the company has been deeply involved in the Taiwan pharmacy industry, and has lived up to the expectations of shareholders and strived to become the largest pharmacy in Taiwan. The next step of this company will be to expand the company beyond the field pharmacy in Taiwan and towards other industries and in the near future even other countries.

Over the next five years, the Company will continue to innovate, and all of our team members will definitely do our best to implement the second five-year plan and change past consumer behaviors at pharmacies. We aim to show the public that Great Tree is more than just a pharmacy.

### V. Impacts from external competitive environment, legal environment, and overall operating environment

The Company is a channel for the operation of pharmacy. Due to rich product items, it is faced with competition, including from pharmacy and drug stores. Due to price-cutting in the industry, the competition will be increasingly aggressive in the future. The Company will continue to provide professional and complete education and training to its employees, and further establish the professional brand value of "Great Tree Pharmacy". The Company will adhere to the motto of "professional and honest" and provide consumers with all-round services. In the survey of top 2,000 enterprises by Commonwealth Magazine in 2020, our overall rating was 178. We hope our core team of innovative senior management will develop service processes with high entry barriers, quickly emulate successful experience, expand our business scope, and further distinguish ourselves from the industry competitors.

While pursuing corporate growth, in addition to maximizing the interests of shareholders, the Company also puts much emphasis on the implementation of environmental, social, and corporate governance (ESG) values in daily operations, and actively follows various indicators guided by the competent authorities, so as to meet the expectations of all stakeholders.

Chairman: Cheng Ming Lung

Manager: Cheng Ming Lung

Accounting Manager: Wu Shu Yi

## **Attachment 2**

Great Tree Pharmacy Co., Ltd.

### **Audit Committee's Review Report**

The Board of Directors has prepared and submitted the Company's 2021 Business Report, Financial Statements and the Proposal for Appropriation of Net Income, among which the Financial Statements have been audited by CPAs Lo Hsiao Chin and Hung Mao I from EY Taiwan, by whom an Audit Report has been issued accordingly.

The aforementioned Business Report, Financial Statements and Proposal for Appropriation of Net Income have been examined and reviewed by the Audit Committee, and no irregularities were found. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please review.

To

Great Tree Pharmacy Co., Ltd. 2022 Annual Shareholders' Meeting

Liu Tian Dao, Convener of the Audit Committee

February 25, 2022

## Attachment 3

### Independent Auditors' Report

To Great Tree Pharmacy Co., Ltd.

#### Audit Opinion

We have audited the accompanying Parent Company Only Balance Sheets of Great Tree Pharmacy Co., Ltd. (the "Company") as of December 31, 2021 and December 31, 2020, and the related Parent Company Only Statements of Comprehensive Income, Changes in Equity and Cash Flows for the years ended December 31, 2021 and December 31, 2020, as well as Notes to the Parent Company Only Financial Statements, including the Summary of Significant Accounting Policies (together "the Parent Company Only Financial Statements").

Based on the opinion of our CPA, the Parent Company Only Financial Statements in the preceding paragraph have been prepared according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and may fairly present, in all material aspects, the individual financial status of Great Tree Pharmacy Co., Ltd. as of December 31, 2021 and December 31, 2020, as well as its individual financial performance and individual cash flow from January 1, 2021 to December 31, 2021 and from January 1, 2020 to December 31, 2020.

#### Basis of Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 Parent Company Only Financial Statements. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue Recognition

Great Tree Pharmacy Co., Ltd. recognized operating revenue of NT\$11,322,396 thousand in 2021. Since the Company's sources of revenue include different selling models such as retail transactions at pharmacies and revenue from management services and more, the judgment over performance obligation and the timing of its fulfillment over customer orders or contracts was needed, therefore leading to significant risk of revenue recognition. Hence, we have decided to include this as a key audit matter. Our audit procedures include (but are not limited to): understanding each selling model, evaluating the appropriateness of revenue recognition policy related to obligation fulfillment under each model, evaluating and testing the effectiveness of the relevant internal control to the timing of revenue recognition in the sales cycle, conducting detailed testing by sampling the sales receipts, and conducting analytical review procedure and carrying out cut-off tests and more. We have also considered the appropriateness of revenue disclosure identified in Note 6 of the Parent Company Only Financial Statements.

## Inventory Valuation

As of December 31, 2021, the net inventory of Great Tree Pharmacy Co., Ltd. was NT\$1,532,599 thousand, accounting for 21% of the individual total asset. Great Tree Pharmacy Co., Ltd.'s main business involves trading of maternity and infant products as well as various drugs. Most of their products have shelf lives, leading evaluations of allowance for inventory valuation and obsolescence loss to require material judgment of the Company's management. Therefore, this was included as a key audit matter. Our audit procedures include (but are not limited to): evaluating the appropriateness of the policy of allowance for inventory valuation and obsolescence loss, evaluating the management method for near expiring goods and identification of expired inventory and testing the effectiveness of the relevant internal control, sampling the inventory aging report to test its accuracy and selecting significant inventory location for physical inventory observation and count, and inspecting current inventory and utilization status and more. We have also taken the appropriateness of inventory disclosure in Note 5 and Note 6 in the Notes to Parent Company Only Financial Statements into consideration.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Material misstatement may result from fraud or error. Misstatement could be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Great Tree Pharmacy Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the accompanying Notes, and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the individual entities in the Group to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 Parent Company Only Financial Statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Financial Report of TWSE Listed Company as Authorized by the  
Competent Authority

Auditing and Attestation No. (2017) FSC No. 1060026003

No. (1998)TCZ(VI)65315

Certified Public Accountant (CPA)

Lo Hsiao Chin

Hong Mao Yi

February 25, 2022

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

**Parent Company Only Balance Sheets**

**As of December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

Asset		December 31, 2021			December 31, 2020	
Code	Accounting item	Note	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 and 6.1	\$1,247,408	17	\$809,527	13
1136	Financial assets measured at amortized cost	4, 6.2 and 8	24,000	-	24,000	1
1150	Notes receivable, net	4 and 6.3	2,144	-	4,517	-
1170	Accounts receivable, net	4 and 6.4	421,827	6	295,252	5
1180	Net accounts receivable - related parties	4, 6.4 and 7	381,865	5	271,779	5
1200	Other receivables		43,213	1	68,776	1
1210	Other receivables - related parties	7	35,100	-	42,587	1
1300	Inventory	4 and 6.5	1,532,599	21	1,225,045	20
1410	Prepayments		13,913	-	22,526	-
1470	Other current assets		9,744	-	2,345	-
	Total current assets		3,711,813	50	2,766,354	46
15xx	Non-current assets					
1535	Financial assets measured at amortized cost	4, 6.2 and 8	3,000	-	3,000	-
1550	Investments accounted for using the equity method	4 and 6.6	145,803	2	116,438	2
1600	Property, plant and equipment	4 and 6.7	690,429	10	619,583	10
1755	Right-of-use assets	4 and 6.18	2,722,065	37	2,434,371	40
1780	Intangible assets	4 and 6.8	18,747	-	18,018	-
1840	Deferred tax assets	4 and 6.22	11,828	-	7,742	-
1900	Other non-current assets	4 and 6.9	94,534	1	74,812	2
	Total non-current assets		3,686,406	50	3,273,964	54
1xxx	Total assets		\$7,398,219	100	\$6,040,318	100

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

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

**Parent Company Only Balance Sheet (continued)**

**As of December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

Code	Liabilities and Equity		December 31, 2021		December 31, 2020	
	Accounting item	Note	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6. 10	\$370,000	5	\$370,000	6
2130	Contract liabilities	4 and 6.16	11,790	-	8,104	-
2150	Notes payable		556,961	7	328,701	5
2160	Notes payable - related parties	7	134,581	2	140,825	2
2170	Accounts payable		1,091,721	15	785,369	13
2180	Accounts payable - related parties	7	50,802	1	48,415	1
2200	Other payables	6.11 and 6.13	275,696	4	218,152	4
2220	Other payables - related parties	7	242	-	242	-
2230	Tax liabilities for this period	4 and 6.22	69,042	1	26,019	-
2280	Lease liabilities	4 and 6.18	303,748	4	280,837	5
2300	Other current liabilities		24,381	-	22,473	-
2321	Corporate bonds that mature or execute the right to sell back within one year or one operating cycle	4 and 6.12	-	-	40,583	1
	Total current liabilities		2,888,964	39	2,269,720	37
25xx	Non-current liabilities					
2580	Lease liabilities	4 and 6.18	2,518,332	34	2,233,309	37
2640	Net defined benefit liabilities	4 and 6.13	5,645	-	3,425	-
2645	Guarantee deposits	7	53,408	1	34,602	1
	Total non-current liabilities		2,577,385	35	2,271,336	38
2xxx	Total liabilities		5,466,349	74	4,541,056	75
31xx	Equity attributable to shareholders of parent company					
3100	Share capital	6.14				
3110	Ordinary share capital		700,431	9	530,659	9
3140	Prepaid share capital		6,679	-	2,787	-
3200	Capital surplus	6.14	726,345	10	658,506	11
3300	Retained earnings	6.14				
3310	Legal capital reserve		92,969	1	73,419	1
3350	Unappropriated net income		405,446	6	233,891	4
	Total equity		1,931,870	26	1,499,262	25
	Total liabilities and equity		\$7,398,219	100	\$6,040,318	100

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

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

**Parent Company Only Statement of Comprehensive Income**

**For the years ended December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars, except for earnings per share)

Code	Item	Note	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	4, 6.16 and 7	\$11,322,396	100	\$8,619,074	100
5000	Operating costs	7	(8,480,073)	(75)	(6,505,952)	(76)
5900	Gross profit		2,842,323	25	2,113,122	24
6000	Operating expenses					
6100	Selling and marketing expenses		(2,071,890)	(18)	(1,646,230)	(19)
6200	Administration expenses		(340,220)	(3)	(276,053)	(3)
	Total operating expenses		(2,412,110)	(21)	(1,922,283)	(22)
6900	Operating profit		430,213	4	190,839	2
7000	Non-operating income and expenses					
7100	Interest income	6. 20	714	-	566	-
7010	Other income	6.20 and 7	40,004	-	29,476	-
7020	Other gains and losses	6.20 and 7	155	-	(3,295)	-
7050	Financing costs	6. 20	(34,507)	-	(32,035)	-
7070	Shares of subsidiaries, affiliates, and joint ventures accounted for using the equity method		55,400	-	43,394	1
	Total non-operating income and expenses		61,766	-	38,106	1
7900	Profit before tax		491,979	4	228,945	3
7950	Income tax expenses	4 and 6.22	(84,561)	(1)	(34,634)	(1)
8200	Net income		407,418	3	194,311	2
8300	Other comprehensive income (loss), net	6. 21				
8310	Items that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plans		(2,428)	-	1,186	-
	Comprehensive income (loss) (net value after tax) for this period		(2,428)	-	1,186	-
8500	Total comprehensive income (loss)		\$404,990	3	\$195,497	2
	Earnings per share, EPS (NT\$)					
9750	Basic EPS	6.23	\$5.83		\$2.88	
9850	Diluted EPS	6.23	\$5.58		\$2.80	

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

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

**Parent Company Only Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

					Retained earnings		
	Item	Share capital	Prepaid share capital	Capital surplus	Legal capital reserve	Unappropriated earnings	Total equity
Code		3100	3140	3200	3310	3350	3XXX
A1	Balance as of January 1, 2020	\$425,820	\$6,451	\$534,710	\$59,821	\$173,748	\$1,200,550
	Appropriation of earnings in 2019						
B1	Legal capital reserve				13,598	(13,598)	-
B5	Cash dividends					(43,484)	(43,484)
B9	Share dividends	78,272				(78,272)	-
D1	2020 net income					194,311	194,311
D3	Other comprehensive income (loss) in 2020					1,186	1,186
D5	Total comprehensive income (loss)	-	-	-	-	195,497	195,497
I1	Convertible corporate bond conversion	26,567	(3,664)	122,487			145,390
N1	Share-based payment transactions			1,309			1,309
Z1	Balance as of December 31, 2020	530,659	2,787	658,506	73,419	233,891	1,499,262
	Appropriation of earnings in 2020						
B1	Legal capital reserve				19,550	(19,550)	-
B5	Cash dividends					(53,471)	(53,471)
B9	Share dividends	160,414				(160,414)	-
D1	2021 net income					407,418	407,418
D3	Other comprehensive income (loss) in 2021					(2,428)	(2,428)
D5	Total comprehensive income (loss)	-	-	-	-	404,990	404,990
I1	Convertible corporate bond conversion	9,358	(2,787)	32,207			38,778
N1	Share-based payment transactions		6,679	35,632			42,311
Z1	Balance as of December 31, 2021	\$700,431	\$6,679	\$726,345	\$92,969	\$405,446	\$1,931,870

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

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

**Parent Company Only Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

Code	Item	2021	2020	Code	Item	2021	2020
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Net profit before tax for this period	\$491,979	\$228,945	B01800	Acquisition of investments accounted for using the equity method	(30,000)	-
A20000	Adjustment items:			B02700	Acquisition of property, plant and equipment	(246,182)	(242,389)
A20010	Gain or loss items that do not affect cash flows:			B02800	Disposal of property, plant and equipment	3,286	5,835
A20100	Depreciation expense (including right-of-use assets)	484,023	401,860	B03700	Increase (decrease) in refundable deposits	(16,852)	(14,415)
A20200	Amortization expenses	2,902	7,177	B04500	Acquisition of intangible assets	(3,631)	(4,520)
A20900	Interest expenses	34,507	32,035	BBBB	Net cash provided by (used in) investing activities	(293,379)	(255,489)
A21200	Interest income	(714)	(566)				
A21900	Cost of share-based payments	6,173	1,309	CCCC	Cash flow from financing activities:		
A22300	Shares of subsidiaries, affiliates, and joint ventures accounted for using the equity method	(55,400)	(43,394)	C00100	Increase of short-term loans	-	370,000
A22500	Loss on disposal of property, plant, and equipment	(101)	1,294	C00130	Repayments of bonds	(2,000)	-
A29900	Other item - gain on lease modification	(2,598)	-	C03000	Increase in guarantee deposits received	18,806	9,655
A30000	Changes in assets/liabilities related to operating activities:			C04020	Repayment of principal on loan	(326,145)	(275,064)
A31130	(Increase) decrease in notes receivable	2,373	(2,146)	C04500	Distribution of cash dividends	(53,471)	(43,484)
A31150	(Increase) decrease in accounts receivable	(126,575)	20,788	C04800	Employees exercising share option	36,138	-
A31160	(Increase) decrease in accounts receivable - related parties	(110,086)	33,807	CCCC	Net cash inflow (outflow) from financing activities	(326,672)	61,107
A31180	(Increase) decrease in other receivables	25,563	19,660				
A31190	(Increase) decrease in other receivables - related parties	12,487	(31,236)	EEEE	Net increase (decrease) in cash and cash equivalents for this period	437,881	531,547
A31200	(Increase) decrease in inventory	(307,554)	(338,999)	E00100	Beginning balance of cash and cash equivalents	809,527	277,980
A31230	(Increase) decrease in prepayments	8,613	(4,378)	E00200	Ending balance of cash and cash equivalents	\$1,247,408	\$809,527
A31240	(Increase) decrease in other current assets	(7,399)	1,125				
A32125	Increase (decrease) in contract liabilities	3,686	1,051				
A32130	Increase (decrease) in notes payables	228,260	57,109				
A32140	Increase (decrease) in notes payables - related parties	(6,244)	86,385				
A32150	Increase (decrease) in accounts payables	306,352	127,704				
A32160	Increase (decrease) in accounts payable - related parties	2,387	15,701				
A32180	Increase (decrease) in other payables	61,068	89,636				
A32230	Increase (decrease) in other current liabilities	1,908	9,582				
A32240	Increase (decrease) in net defined benefit liabilities	(208)	(184)				
A33000	Cash inflow (outflow) from operating activities	1,055,402	714,265				
A33100	Interest received	714	566				
A22300	Dividends received	51,035	39,825				
A33300	Interest paid	(3,595)	(2,859)				
A33500	Income tax paid	(45,624)	(25,868)				
AAAA	Net cash inflow (outflow) from operating activities	1,057,932	725,929				

(Please refer to the accompanying Notes to Parent Company Only Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

## 1 Company Statement

The entities that are required to be included in the Consolidated Financial Statements of Great Tree Pharmacy Co., Ltd. for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the Combined Financial Statements is included in the Consolidated Financial Statements. Consequently, Great Tree Pharmacy Co., Ltd. and Subsidiaries do not prepare a separate set of Consolidated Financial Statements.

We hereby declare and affirm to the statement above.

Company name: Great Tree Pharmacy Co., Ltd.

Person in charge: Cheng Ming Lung

February 25, 2022

## **Independent Auditors' Report**

To Great Tree Pharmacy Co., Ltd.

### **Audit Opinion**

We have audited the accompanying Consolidated Balance Sheets of Great Tree Pharmacy Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2021 and December 31, 2020, and the related Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the years ended December 31, 2021 and December 31, 2020, as well as Notes to the Consolidated Financial Statements, including the Summary of Significant Accounting Policies (together “the Consolidated Financial Statements”).

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2021 and December 31, 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and December 31, 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee, or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis of Audit Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 Consolidated Financial Statements. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue Recognition

Great Tree Pharmacy Co., Ltd. and its subsidiaries recognized operating revenue of NT\$11,280,942 thousand in 2021. Since the Group's sources of revenue include different selling models such as retail transactions at pharmacies and revenue from management services and more, the judgment over performance obligation and the timing of its fulfillment over customer orders or contracts was needed, therefore leading to significant risk of revenue recognition. Hence, we have decided to include this as a key audit matter.

Our audit procedures include (but are not limited to): understanding each selling model, evaluating the appropriateness of revenue recognition policy related to obligation fulfillment under each model, evaluating and testing the effectiveness of the relevant internal control to the timing of revenue recognition in the sales cycle, conducting detailed testing by sampling the sales receipts, and conducting analytical review procedure and carrying out cut-off tests and more. Our accountants have also considered the appropriateness of revenue disclosure identified in Note 6 of the Consolidated Financial Statements.

#### Inventory Valuation

As of December 31, 2021, the net inventory of Great Tree Pharmacy Co., Ltd. and its subsidiaries was NT\$1,839,468 thousand, accounting for 25% of the consolidated total asset. Main businesses of Great Tree Pharmacy Co., Ltd. and its subsidiaries include trading of maternity and infant products as well as various drugs. Most of their products have shelf lives, leading evaluations of allowance for inventory valuation and obsolescence loss to require material judgment from the Group's management. Therefore, this was included as a key audit matter. Our audit procedures include (but are not limited to): evaluating the appropriateness of the policy of allowance for inventory valuation and obsolescence loss, evaluating the management method for near expiring goods and identification of expired inventory and testing the effectiveness of the relevant internal control, sampling the inventory aging report to test its accuracy and selecting significant inventory location for physical inventory observation and count, and inspecting current inventory and utilization status and more. We have also taken the appropriateness of inventory disclosure in Note 5 and Note 6 in the Notes to Consolidated Financial Statements into consideration.

#### **Responsibility of the management and the governing body for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The governing bodies of Great Tree Pharmacy Co., Ltd. and its subsidiaries (including the Audit Committee) have the responsibility to oversee the financial reporting process.

## **Responsibilities of the CPA in Auditing the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Material misstatement may result from fraud or error. A misstatement can be considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Great Tree Pharmacy Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the accompanying Notes, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 Consolidated Financial Statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Others**

We have also audited and expressed unqualified opinions on the Parent Company Only Financial Statements of the Company as of and for the years ended December 31, 2021 and December 31, 2020.

Ernst & Young

Financial Report of TWSE Listed Company as Authorized by the Competent Authority

Auditing and Attestation

No. (2017) FSC No. 1060026003

No. (1998)TCZ(VI)65315

Certified Public Accountant (CPA)

Lo Hsiao Chin

Hong Mao Yi

February 25, 2022

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**

**Consolidated Balance Sheets**

**As of December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

Code	Asset Accounting item	Note	December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 and 6.1	\$1,308,469	18	\$835,802	14
1136	Financial assets measured at amortized cost	4, 6.2 and 8	24,000	1	24,000	1
1150	Notes receivable, net	4 and 6.3	2,144	-	4,517	-
1170	Accounts receivable, net	4 and 6.4	468,728	6	311,114	5
1200	Other receivables		44,412	1	71,025	1
1300	Inventory	4 and 6.5	1,839,468	25	1,462,245	24
1410	Prepayments		41,137	1	34,258	1
1470	Other current assets		10,498	-	3,457	-
	Total current assets		3,738,856	52	2,746,418	46
15xx	Non-current assets					
1535	Financial assets measured at amortized cost	4, 6.2 and 8	3,000	-	3,000	-
1600	Property, plant and equipment	4 and 6.6	749,832	10	669,788	11
1755	Right-of-use assets	4 and 6.17	2,768,801	37	2,487,538	41
1780	Intangible assets	4 and 6.7	20,530	-	18,018	-
1840	Deferred tax assets	4 and 6.21	11,828	-	7,742	-
1900	Other non-current assets	6. 8	97,017	1	76,918	2
	Total non-current assets		3,651,008	48	3,263,004	54
1xxx	Total assets		\$7,389,864	100	\$6,009,422	100

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**

**Consolidated Balance Sheets (continued)**

**As of December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020	
Code	Accounting item	Note	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6. 9	\$370,000	5	\$370,000	6
2130	Contract liabilities	4 and 6.15	11,902	-	8,104	-
2150	Notes payable		584,117	8	350,323	6
2170	Accounts payable		1,138,318	15	819,673	13
		4, 6.10 and				
2200	Other payables	6.12	295,222	4	228,757	4
2230	Tax liabilities for this period	4 and 6.21	78,312	1	35,791	1
2280	Lease liabilities	4 and 6.17	309,123	4	287,118	5
2300	Other current liabilities		26,672	1	23,510	-
	Corporate bonds that mature or execute the right to sell back within one year					
2321	or one operating cycle	4 and 6.11	-	-	40,583	1
	Total current liabilities		2,813,666	38	2,163,859	36
25xx	Non-current liabilities					
2580	Lease liabilities	4 and 6.17	2,562,052	35	2,282,404	38
2640	Net defined benefit liabilities	4 and 6.12	5,645	-	3,425	-
2645	Guarantee deposits		56,005	1	40,189	1
	Total non-current liabilities		2,623,702	36	2,326,018	39
2xxx	Total liabilities		5,437,368	74	4,489,877	75
31xx	Equity attributable to shareholders of parent company					
3100	Share capital	6. 13				
3110	Ordinary share capital		700,431	9	530,659	9
3140	Prepaid share capital		6,679	-	2,787	-
3200	Capital surplus	6. 13	726,345	10	658,506	11
3300	Retained earnings	6. 13				
3310	Legal capital reserve		92,969	1	73,419	1
3350	Unappropriated net income		405,446	6	233,891	4
36xx	Non-controlling interests		20,626	-	20,283	-
3xxx	Total equity		1,952,496	26	1,519,545	25
	Total liabilities and equity		\$7,389,864	100	\$6,009,422	100

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars, except for earnings per share)

Code	Item	Note	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	4 and 6.15	\$11,280,942	100	\$8,641,394	100
5000	Operating costs		(8,337,939)	(74)	(6,456,664)	(75)
5900	Gross profit		2,943,003	26	2,184,730	25
6000	Operating expenses					
6100	Selling and marketing expenses		(2,100,411)	(19)	(1,667,927)	(19)
6200	Administration expenses		(350,364)	(3)	(291,489)	(3)
6450	Estimated credit (loss) gain	4 and 6.16	84	-	-	-
	Total operating expenses		(2,450,691)	(22)	(1,959,416)	(22)
6900	Operating profit		492,312	4	225,314	3
7000	Non-operating income and expenses					
7100	Interest income	6. 19	737	-	578	-
7010	Other income	6. 19	51,597	1	50,116	-
7020	Other gains and losses	6. 19	154	-	272	-
7050	Financing costs	6. 19	(35,130)	-	(32,870)	-
	Total non-operating income and expenses		17,358	1	18,096	-
7900	Profit before tax		509,670	5	243,410	3
7950	Income tax expenses	4 and 6.21	(101,909)	(1)	(50,743)	(1)
8200	Net income		407,761	4	192,667	2
8300	Other comprehensive income (loss)	4 and 6. 20				
8310	Items that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plans		(2,428)	-	1,186	-
	Comprehensive income (loss) (net value after tax) for this period		(2,428)	-	1,186	-
8500	Total comprehensive income (loss)		\$405,333	4	\$193,853	2
8600	Earnings attributable to:					
8610	Owners of the parent		\$407,418	4	\$194,311	2
8620	Non-controlling interests		343	-	(1,644)	-
			\$407,761	4	\$192,667	2
8700	Total comprehensive income attributable to:					
8710	Owners of the parent		\$404,990	4	\$195,497	2
8720	Non-controlling interests		343	-	(1,644)	-
			\$405,333	4	\$193,853	2
	Earnings per share, EPS (NT\$)					
9750	Basic EPS	4 and 6.22	\$5.83		\$2.88	
9850	Diluted EPS	4 and 6.22	\$5.58		\$2.80	

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

Item		Equity attributable to shareholders of parent company						Non-controlling interests	Total equity
		Share capital	Prepaid share capital	Capital surplus	Retained earnings		Total		
					Legal capital reserve	Unappropriated earnings			
Code		3100	3140	3200	3310	3350	31XX	36XX	3XXX
A1	Balance as of January 1, 2020	\$425,820	\$6,451	\$534,710	\$59,821	\$173,748	\$1,200,550	\$21,927	\$1,222,477
	Appropriation of earnings in 2019								
B1	Legal capital reserve				13,598	(13,598)	-		-
B5	Cash dividends					(43,484)	(43,484)		(43,484)
B9	Share dividends	78,272				(78,272)	-		-
D1	2020 net income					194,311	194,311	(1,644)	192,667
D3	Other comprehensive income (loss) in 2020					1,186	1,186	-	1,186
D5	Total comprehensive income (loss)	-	-	-	-	195,497	195,497	(1,644)	193,853
I1	Convertible corporate bond conversion	26,567	(3,664)	122,487			145,390		145,390
N1	Share-based payment transactions			1,309			1,309		1,309
Z1	Balance as of December 31, 2020	530,659	2,787	658,506	73,419	233,891	1,499,262	20,283	1,519,545
	Appropriation of earnings in 2020								
B1	Legal capital reserve				19,550	(19,550)	-		-
B5	Cash dividends					(53,471)	(53,471)		(53,471)
B9	Share dividends	160,414				(160,414)	-		-
D1	2021 net income					407,418	407,418	343	407,761
D3	Other comprehensive income (loss) in 2021					(2,428)	(2,428)	-	(2,428)
D5	Total comprehensive income (loss)	-	-	-	-	404,990	404,990	343	405,333
I1	Convertible corporate bond conversion	9,358	(2,787)	32,207			38,778		38,778
N1	Share-based payment transactions		6,679	35,632			42,311		42,311
Z1	Balance as of December 31, 2021	\$700,431	\$6,679	\$726,345	\$92,969	\$405,446	\$1,931,870	\$20,626	\$1,952,496

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

**Great Tree Pharmacy Co., Ltd. and Subsidiaries**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

(Amounts expressed in thousands of New Taiwan Dollars)

Code	Item	2021 Amount	2020 Amount	Code	Item	2021 Amount	2020 Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Net profit before tax for this period	\$509,670	\$243,410	B02700	Acquisition of property, plant and equipment	(248,449)	(246,652)
A20000	Adjustment items:			B02800	Disposal of property, plant and equipment	3,286	10,692
A20010	Adjustments:			B03700	(Increase) decrease in refundable deposits	(17,229)	(12,990)
A20100	Depreciation expense (including right-of-use assets)	495,492	419,805	B04500	Acquisition of intangible assets	(6,035)	(4,520)
A20200	Amortization expenses	3,523	7,177	BBBB	Net cash inflow (outflow) from investing activities	(268,427)	(253,470)
A20300	Amount of expected credit loss (gain)	(84)	-	CCCC	Cash flow from financing activities:		
A20900	Interest expenses	35,130	32,870	C00100	Increase(decrease) of short-term loans	-	370,000
A21200	Interest income	(737)	(578)	C00130	Repayments of bonds	(2,000)	-
A21900	Cost of share-based payments	6,173	1,309	C03000	Increase (decrease) in guarantee deposits received	15,816	14,174
A22500	Loss on disposal of property, plant, and equipment	(101)	(899)	C04020	Repayment of principal on loan	(333,049)	(287,669)
A29900	Other item - gain on lease modification	(2,598)	(1,477)	C04500	Cash dividends distributed	(53,471)	(43,484)
A30000	Changes in assets/liabilities related to operating activities:			C04800	Employees exercising share option	36,138	-
A31130	(Increase) decrease in notes receivable	2,373	(1,271)	CCCC	Net cash inflow (outflow) from financing activities	(336,566)	53,021
A31150	(Increase) decrease in accounts receivable	(157,530)	29,872				
A31180	(Increase) decrease in other receivables	26,613	30,859	EEEE	Net increase (decrease) in cash and cash equivalents for this period	472,667	527,679
A31200	(Increase) decrease in inventory	(377,223)	(301,980)	E00100	Beginning balance of cash and cash equivalents	835,802	308,123
A31230	(Increase) decrease in prepayments	(6,879)	5,857	E00200	Ending balance of cash and cash equivalents	\$1,308,469	\$835,802
A31240	(Increase) decrease in other current assets	(7,041)	1,094				
A32125	Increase (decrease) in contract liabilities	3,798	1,051				
A32130	Increase (decrease) in notes payables	233,794	69,729				
A32150	Increase (decrease) in accounts payables	318,645	129,842				
A32180	Increase (decrease) in other payables	58,020	96,964				
A32230	Increases (decreases) in other current liabilities	3,162	9,584				
A32240	Increase (decrease) in net defined benefit liabilities	(208)	(184)				
A33000	Cash inflow (outflow) from operating activities	1,143,992	773,034				
A33100	Interest received	737	578				
A33300	Interest paid	(3,595)	(2,859)				
A33500	Income tax paid	(63,474)	(42,625)				
AAAA	Net cash inflow (outflow) from operating activities	1,077,660	728,128				

(Please see the accompanying Notes to the Consolidated Financial Statements)

Chairman: Ming-Lung Cheng

General Manager: Ming-Lung Cheng

Accounting Manager: Shu-Yi Wu

## Attachment 4

### Great Tree Pharmacy Co., Ltd.

#### Table of Comparisons Before and After Amendments of "Regulations Governing the Acquisition and Disposal of Assets"

Articles after amendments	Articles before amendments	Explanation of amendments
<p>Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already lapsed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related</p>	<p>Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already lapsed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>II. May not be a related party or de facto related party</p>	<p>Amended pursuant to Article 5 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

Articles after amendments	Articles before amendments	Explanation of amendments
<p>party of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the industry codes of their respective trade associations of which they are members as well as</u> the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data, parameters, and information used, as the</p>	<p>of any party to the transaction.</p> <p>III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>III. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy, and</u> reasonableness of the sources of data, parameters, and information used, as the basis for issuance of the appraisal report or the</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
<p>basis for issuance of the appraisal report or the opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>opinion.</p> <p>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Chapter 2 Procedures</p> <p>Section 1 Acquisition or disposal of assets</p> <p>Article 6: Evaluation and procedures are as follows:</p> <p>I. Real property, equipment or right-of-use assets</p> <p>In acquiring or disposing of equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited</p>	<p>Chapter 2 Procedures</p> <p>Section 1 Acquisition or disposal of assets</p> <p>Article 6: Evaluation and procedures are as follows:</p> <p>I. Real property, equipment or right-of-use assets</p> <p>In acquiring or disposing of equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a</p>	<p>Amended pursuant to Articles 9, 10, and 11 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

Articles after amendments	Articles before amendments	Explanation of amendments
<p>price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained (appraisers shall not be related parties to one another).</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal</li> </ol>	<p>limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained (appraisers shall not be related parties to one another).</p> <p>(III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, <u>a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and the</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
<p>results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(IV) No more than 3 months may have elapsed between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. Short- and long-term marketable securities In acquiring or disposing of securities shall, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to</p>	<p>appropriateness of the transaction price:</p> <ol style="list-style-type: none"> <li>1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</li> <li>2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</li> </ol> <p>(IV) No more than 3 months may have elapsed between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>II. Short- and long-term marketable securities In acquiring or disposing of securities shall, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
<p>publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Membership or intangible assets Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>IV. Derivatives Handled in accordance with related rules in Section 3 of the Procedures.</p> <p>V. Acquisition or disposal of assets through merger, demerger, acquisition, or transfer of shares in accordance with the law will be handled in accordance with related rules in Section 4 of the Procedures.</p> <p>VI. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be</p>	<p>if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>III. Membership or intangible assets Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
<p>substituted for the appraisal report or CPA opinion.</p> <p>VII. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Paragraph 2, Article 31 herein, and "within the preceding year" as used herein refers to one year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p> <p>IV. Derivatives Handled in accordance with related rules in Section 3 of the Procedures.</p> <p>V. Acquisition or disposal of assets through merger, demerger, acquisition, or transfer of shares in accordance with the law will be handled in accordance with related rules in Section 4 of the Procedures.</p> <p>VI. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>VII. The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Paragraph 2, Article 31 herein, and "within the preceding year" as used herein refers to one year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
	toward the transaction amount.	
<p>Article 11: When the Company intends to acquire or dispose of real estate property or its right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the Company's paid-up capital, 10% or more of the Company's total assets, or NT\$300 million or above, except for trading of domestic government bonds or bonds under repurchase and resale agreements, as well as subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>II. The reason for choosing the related party as a transaction counterparty.</li> <li>III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with</li> </ol>	<p>Article 11: When the Company intends to acquire or dispose of real estate property or its right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the Company's paid-up capital, 10% or more of the Company's total assets, or NT\$300 million or above, except for trading of domestic government bonds or bonds under repurchase and resale agreements, as well as subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and approved by the Board of Directors:</p> <ol style="list-style-type: none"> <li>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>II. The reason for choosing the related party as a transaction counterparty.</li> <li>III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction</li> </ol>	<p>Amended pursuant to Article 15 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

Articles after amendments	Articles before amendments	Explanation of amendments
<p>Articles 12 and 13.</p> <p>IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may, pursuant to Article 8, delegate to the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to</p>	<p>terms in accordance with Articles 12 and 13.</p> <p>IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 2, Article 31 herein, and "within the preceding year" as used herein refers to one year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
<p>and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>II. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol> <p><u>If the Company or a subsidiary which is not a domestic public company has made a transaction stipulated in Paragraph 1, and the transaction amount is more than 10 percent of the Company's total assets, the Company shall submit the materials listed in the Paragraph 1 to the Shareholders' Meeting for approval before signing a transaction contract and making payments. However, the regulation does not apply in the transactions between the Company and its parent company and subsidiaries, or the transactions among its subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in <u>paragraph 1 and the preceding paragraph</u> shall be made in accordance with Paragraph 2, Article 31 herein, and "within the preceding year" as used herein refers to one year preceding the date of occurrence of the current transaction. Items that have been approved by the <u>Shareholders' Meeting and the Board of Directors</u> need not be counted toward the</p>	<p>transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may, pursuant to Article 8, delegate to the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <ol style="list-style-type: none"> <li>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</li> <li>II. Acquisition or disposal of real property right-of-use assets held for business use.</li> </ol>	

Articles after amendments	Articles before amendments	Explanation of amendments
transaction amount.		
<p>Chapter 3 Public disclosure of information</p> <p>Article 31: Under any of the following circumstances, when the Company acquires or disposes of assets, it shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format and classification as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer</p>	<p>Chapter 3 Public disclosure of information</p> <p>Article 31: Under any of the following circumstances, when the Company acquires or disposes of assets, it shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format and classification as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p>	<p>Amended pursuant to Article 31 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".</p>

Articles after amendments	Articles before amendments	Explanation of amendments
<p>of shares.</p> <p>III. Losses from derivatives transactions reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>IV. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>V. Acquisition of real property by the Company by engaging others to build on its own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, in which the Company is expected to invest NT\$500 million or more in transaction amount.</p> <p>VI. Where an asset transaction other than any of those referred to in the five preceding subparagraphs, a disposal of receivables by a financial</p>	<p>III. Losses from derivatives transactions reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>IV. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>V. Acquisition of real property by the Company by engaging others to build on its own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, in which the Company is expected to invest NT\$500 million or more in transaction amount.</p> <p>VI. Where an asset transaction other than any of those referred to in the five preceding subparagraphs, a disposal of receivables by a financial institution, or an investment in the</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
<p>institution, or an investment in the mainland China reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of domestic government bonds <u>or foreign government bonds with the credit rating not lower than the sovereign credit rating of Taiwan.</u></p> <p>(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>III. The cumulative transaction amount of</p>	<p>mainland China reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:</p> <p>(I) Trading of domestic government bonds.</p> <p>(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and cumulative disposals, respectively) of real property or right-of-use assets thereof within the same development</p>	

Articles after amendments	Articles before amendments	Explanation of amendments
<p>acquisitions and disposals (cumulative acquisitions and cumulative disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and cumulative disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to one year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>	<p>project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and cumulative disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to one year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p>	
<p>Article 39: The Procedures were enacted on June 25, 2013; first amendment took place on June 29, 2016;.....; sixth amendment took place on July 2, 2021; <u>seventh amendment took place on May 31, 2022.</u></p>	<p>Article 39: The Procedures were enacted on June 25, 2013; first amendment took place on June 29, 2016;.....; sixth amendment took place on July 2, 2021.</p>	<p>Added date of amendment.</p>

## **Attachment 5**

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

#### **Regulations Governing the Issuance and Conversion of Private Placement of Unsecured Convertible Corporate Bonds (Tentative)**

**I. Total amount issued**

It will be proposed for the shareholders meeting to authorize the Board of Directors to choose appropriate timing and fund fundraising instrument(s) by one or a combination of methods: conduct private placement of common shares and/or conduct private placement of domestic convertible corporate bonds, within the limit of 2 million common shares, depending on the market conditions and the Company's needs, in accordance with the applicable laws and regulations and the following fund raising method principles.

**II. Date of issuance**

The private placement shall be offered within one year in several phases (no more than 3 times) after the date of approval from 2022 Annual Shareholders' Meeting.

**III. Method of issuance**

The convertible corporate bond is to be issued in accordance with Article 43-6 of the Securities and Exchange Act. The places of this private placement are limited to the specific persons stipulated in Article 43-6 of the Securities and Exchange Act; the places who may be engaged in negotiations are mainly strategic investors who may participate in the private placement.

**IV. Par value and issued price of the bond**

The par value of this convertible bond is NT\$100,000 per board lot. The issued price shall not be lower than 80 percent of the theoretical price.

**V. Coupon rate**

The coupon rate will be 0% per annum.

**VI. Duration**

To be determined by the Board of Directors, which is authorized to do so.

**VII. Repayment method**

Unless they have already been converted, redeemed or canceled through repurchase, the convertible bonds shall be repaid in cash by the Company at the par value of the bond or an additional interest compensation shall be paid upon maturity.

**VIII. Conversion target**

Newly issued ordinary shares of the Company.

**IX. Conversion**

**1. Conversion period**

Except under the circumstances of early redemption, repurchase, cancellation, exercise of conversion right, or during the book closure period as stipulated by law, the holders of the convertible bonds may, starting from a certain period after the issuance of the convertible bonds until the maturity date of the convertible bonds, at any time in accordance with the relevant laws and regulations, request the Company to convert the convertible bonds held by them into the Company's ordinary shares.

2. Conversion procedure

When requesting conversion, the creditor shall prepare a “Conversion Notice”, check the bond and the documents or certificates required by the laws of the Republic of China, and submit a conversion application to the Company.

3. Determination and adjustment of conversion price

The conversion price shall not be lower than the simple average closing price of the ordinary 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, or 80 percent of the simple average closing price of the ordinary 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. For the actual price, it is proposed that the Shareholders' Meeting shall authorize the Board of Directors to determine it in accordance with relevant laws and regulations. The Board of Directors is also authorized to adjust the conversion price.

4. Attribution of relevant dividends in the year of conversion

Holders of the convertible bonds shall not be entitled to cash dividends or stock dividends before the conversion; holders of the Company's ordinary shares after the conversion are entitled to the distribution of cash dividends or stock dividends in accordance with the law, which are the same as other holders of ordinary shares of the Company.

5. Rights and obligations after conversion

Except that this convertible bond is subject to the restriction of transfer within three years after the delivery date in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares converted from this convertible bond have the same rights and obligations as the ordinary shares already issued by the Company.

X. Early redemption conditions by the Company

To be determined by the Board of Directors, which is authorized to do so.

XI. Sell back conditions for bondholders

The company may choose not to have a sell back option, or the bondholder may require the issuing company to redeem the bond in whole or in part, at a price calculated at a certain rate of return, each year after a certain period following issuance.

XII. Other important matters agreed upon

The Board of Directors is authorized to make necessary formulations and amendments, and is given full authority to handle the conditions of the issuance of the convertible bonds and other unresolved matters.

## **Appendix 1**

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

#### **Articles of Incorporation**

##### **Chapter 1 General Provisions**

Article 1: The Company is organized in accordance with the Company Act. The name of the Company is Great Tree Pharmacy Co., Ltd. (大樹醫藥股份有限公司) The English name of the Company is Great Tree Pharmacy Co., Ltd.

Article 2: The scope of business of the Company shall be as follow:

1. F108021 Wholesale of Drugs and Medicines.
2. F208021 Retail Sale of Drugs and Medicines.
3. F108031 Wholesale of Medical Equipment.
4. F208031 Retail Sale of Medical Equipment.
5. F208050 Retail Sale of the Second Type Patent Medicine.
6. F102170 Wholesale of Food and Grocery.
7. F203010 Retail Sale of Food Products, Beverages and Groceries.
8. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
9. F204110 Retail Sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
10. F106020 Wholesale of Articles for Daily Use.
11. F206020 Retail Sale of Articles for Daily Use.
12. F107030 Wholesale of Cleaning Preparations.
13. F207030 Retail Sale of Cleaning Preparations.
14. F108040 Wholesale of Cosmetics.
15. F208040 Retail Sale of Cosmetics.
16. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
17. F209060 Retail Sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
18. F601010 Intellectual Property.
19. I103060 Management Consulting Services.
20. A401060 Other Animal Services.
21. F103010 Wholesale of Animal Feeds.
22. F202010 Retail Sale of Feeds.
23. F107070 Wholesale of Veterinary Drugs.
24. F207070 Retail Sale of Veterinary Drugs.

25. F101120 Wholesale of Ornamental Fishes.
26. F201090 Retail Sale of Ornamental Fishes.
27. F206050 Retail Sale of Pet Food and Supplies.
28. F201980 Retail Sale of Other Animal.
29. JZ99180 Pet Grooming.
30. F106060 Wholesale of Pet Food and Supplies.
31. F107080 Wholesale of Environmental Agents.
32. F207080 Retail Sale of Environmental Agents.
33. F106010 Wholesale of Hardware.
34. F206010 Retail Sale of Ironware.
35. F301020 Supermarkets.
36. F399010 Convenience Stores.
37. F399040 Retail Sale No Storefront.
38. F399990 Retail sale of Other Integrated.
39. F116010 Wholesale of Camera Equipment.
40. F216010 Retail Sale of Camera Equipment.
41. F401010 International Trade.
42. I401010 General Advertising Services.
43. F102040 Wholesale of Nonalcoholic Beverages.
44. F113020 Wholesale of Household Appliance.
45. F213010 Retail Sale of Electrical Appliances.
46. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
47. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures.
48. I301020 Data Processing Services.
49. I301030 Electronic Information Supply Services.
50. I301040 The Third Party Payment.
51. I301050 Reality Technology Services.
52. F108011 Wholesale of Chinese Medicines.
53. F208011 Retail Sale of Traditional Chinese Medicine.
54. G202010 Parking Area Operators.
55. G801010 Warehousing and Storage.
56. H703100 Real Estate Rental and Leasing.
57. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may, based on business needs and carried out in accordance with the Company's Regulations Governing Making of Endorsements/Guarantees, provide an endorsement/guarantee for companies.

Article 4: The total amount of the Company's reinvestment shall not be subject to the restriction of

not exceeding 40% of its paid-in capital from Article 13 of the Company Act.

Article 5: The Company shall have its head-office in Taoyuan City, Taiwan and, if necessary, may set up branches in and out of this country upon a resolution of its Board of Directors.

Article 6: The Company shall make public announcements in accordance with Article 28 of the Company Act.

## Chapter 2 Shares

Article 7: The total capital amount of the Company shall be one-point-five billion New Taiwan Dollars, divided into one hundred and fifty million shares, at a par value of ten New Taiwan Dollars (NT\$10) per share, and may be issued separately by the Board of Directors.

An amount of seventy-five million New Taiwan Dollar (NT\$75,000,000) out of the aforesaid capital is reserved as subscription warrants for employees, divided into seventy million and five-hundred thousand shares (7,500,000) at a par value of ten New Taiwan Dollars (NT\$10) per share and may be issued separately by the Board of Directors depending on actual needs.

Article 8: The share certificates of the Company shall be in registered form, and before they are issued, shall be signed by or affixed with seals of Company Directors, and be certified pursuant to the law.

The Company may be exempted from printing any share certificate for the shares issued, but shall register the issued shares with the Taiwan Depository & Clearing Corporation and follow the regulations of that enterprise.

Article 9: Regarding share transfer, no changes to the information recorded in the shareholder roster may be allowed within 60 days before an Annual Shareholders' Meeting, or 30 days before a Special Shareholders' Meeting, or 5 days before the record date of distribution of stock dividends or bonuses or other benefits.

Article 9-1: When the Company purchases treasury shares in accordance with related laws, the subjects of the share transfer may include qualified employees of the Company or employees of subsidiaries that meet a certain criteria for control. The Board of Directors will be delegated with the power to decide on the conditions and methods of such share distributions.

When the Company distributes employee stock options, the counterparties shall be qualified employees of the Company or employees of subsidiaries that meet a certain criteria for control. The Board of Directors will be delegated with the power to decide on the conditions and methods of such share distributions.

When issuing new shares, employees who subscribe to the shares shall be qualified employees of the Company or employees of subsidiaries that meet a certain criteria for control. The Board of Directors will be delegated with the power to decide on the conditions and methods of such share distributions.

When issuing restricted employee shares, the counterparties shall be qualified employees of the Company or employees of subsidiaries that meet a certain criteria for control. The Board of Directors will be delegated with the power to decide on the conditions and methods of such share distributions.

### Chapter 3 Shareholders' Meetings

Article 10: Shareholders' Meetings shall be of two types, namely general and special ones. The former shall be convened once a year within 6 months after the close of each fiscal year by the Board of Directors and the latter shall be convened whenever necessary.

Article 11: Where a shareholder is unable to do so in person, he/she/it may appoint a proxy to attend a Shareholders' Meeting in his/her/its behalf by executing a proxy form printed by the Company stating therein the scope of power authorized to the proxy.

The handling method of the proxy form shall be carried out in accordance with the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies from the competent authority.

Article 12: Unless otherwise provided under Article 179 of the Company Act which sets forth the situation where the shareholder has no voting rights, a shareholder of the Company shall have one vote for each share held by him/her/it.

Article 13: Unless otherwise provided for in the Company Act, a resolution of a Shareholders' Meeting shall be adopted with consent of the shareholders representing a majority of the voting rights at the meeting attended by shareholders holding a majority of the total issued shares.

The Company shall adopt electronic voting as a form of exercising voting rights. A shareholder exercising voting rights in electronic means shall be deemed to have attended the Shareholders' Meeting in person, and related matters shall be handled in accordance with the law.

### Chapter 4 Directors and Audit Committee

Article 14: The Company has seven to nine Directors who are appointed for tenure of 3 years and may be re-elected for consecutive terms.

The aforesaid Board of Directors must have at least two Independent Directors, whose

number shall account for at least one-fifth of all Directors.

As specified in Article 192-1 of the Company Act, the candidate nomination system shall be followed for election of Directors in the Company. The shareholders shall elect Directors from the list of Director candidates.

Article 15: The Board of Directors is organized by Directors. The Chairman of the Board shall be elected from among the Directors by majority of Directors present at a meeting attended by more than two thirds of Directors. The Chairman shall externally represent the Company.

Unless otherwise provided for by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of a majority of the Directors present in a meeting attended by the majority of the total Directors.

Article 16: In convening a meeting of the Board of Directors, a notice shall be given to each Director no later than 7 days prior to the scheduled meeting date. However, in the case of urgency, the meeting may be convened at any time.

The aforementioned notice for convening the meeting can be given in writing or via e-mail or fax.

Article 17: In case the Chairman is on leave or unable to perform his duties for cause, his/her representative will be carried out in accordance with Article 208 of the Company Act. If a Director is unavailable to attend a meeting in person, the Director may issue a proxy specifying the scope of the authorized powers to authorize another Director to attend the meeting on the Director's behalf, provided that a Director may represent only one other Director at a meeting.

Article 18: Regardless whether the Company makes profits or suffers loss, the Company may pay the Directors the remunerations for their performance their duties. The Board of Directors is authorized to determine such remunerations based on the extent of involvements of the Company's operation and the value of the contribution of the Directors and the normal rate adopted by other companies in the same industry.

The Company may purchase liability insurance to cover the Directors for the liabilities they shall be responsible while performing their duties pursuant to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. The Board of Directors is delegated to approve the scope of the said insurance.

Article 19: The Company establishes an Audit Committee in compliance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all Independent Directors and is responsible to carry out duties of supervisors stipulated in the Company Act, Securities, and Exchange Act and other laws and regulations.

Matters concerning the audit committee members, the exercise of their powers and other compliance issues shall be handled in accordance with relevant laws and regulations. Its organizational regulations shall be established separately by the Board of Directors.

The Company may establish a compensation committee or other functional committees in accordance with laws and regulations or business needs.

## Chapter 5 Managers

Article 20: The Company may have managers, and their appointment, dismissal and remuneration shall be conducted in accordance with Article 29 of the Company Act.

## Chapter 6 Accounting

Article 21: The Company's Board of Directors shall prepare (1) business report, (2) financial statements and (3) profit distribution or deficit compensation proposal after the end of each fiscal year and forward them to the General Shareholders' Meeting for acceptance pursuant to the law.

Article 22: If the Company makes profits for the current year, it shall set aside between 3% to 10% as employee compensation, and no more than 5% as remunerations of the Directors. However, if the Company still records a cumulative loss, its profit shall first be used to make up the loss.

The recipients of shares or cash for employee's compensation from preceding paragraph may include employees of subsidiaries that meet a certain criteria for control. The Board of Directors or its authorized person will be delegated with the power to decide on the conditions and methods of such share distributions.

Before the establishment of the Company's Audit Committee, remuneration of the Supervisors shall be distributed in accordance with the ratio stated under the Paragraph.

Article 23: At the end of fiscal year, the Company shall first compensate the accumulated losses with profits after tax, if any, before contributing 10% of the remaining net profits as legal capital reserve as well as a certain percentage of the remaining net profits as special capital reserve determined by the competent authority in accordance with the Regulations Governing Stock Exchanges. However, if the legal capital reserve has exceeded the Company's total paid-in capital, no such appropriation will be required. Further plans to allocate the remaining profits after tax, together with the retained net profits earlier at the beginning of the fiscal period and the remaining net profits of the current year shall be proposed and submitted by the Board to the Shareholders' Meeting for its resolution.

To respond to economic changes and to strengthen the Company's financial structure,

the Company has adopted a balanced dividend policy. The policy for future dividend distribution is as follows:

The Company shall appropriate no less than 10% of the aforementioned distributable earnings as dividends for shareholders. However, when the distributable earnings are less than 10% of the paid-in capital, the Company may choose not to distribute dividends.

In consideration of a balanced and stable dividend policy, the Company will adequately adopt either share dividends or cash dividends based on investment capital needs and the levels of dilution on the earnings per share (EPS), provided that the cash dividends shall be no less than 10% of the total dividends.

If all or part of the above-mentioned dividends and bonuses are distributed in cash, the Board of Directors shall be authorized to attend with more than two-thirds of the directors, and more than half of the directors present shall agree to do so, and report to the Shareholders' Meeting. The provision in Paragraph 1 stating that a resolution of Shareholders' Meeting is necessary is not applicable.

## Chapter 7 Supplementary Provisions

Article 24: After public issuance of the Company, approval from the Shareholders' Meeting shall be obtained in case the Company proposes to revoke the public offering, and this Article shall not be changed during listing on either the Taipei Exchange or the TWSE.

Article 25: For matters not provided for in these Articles of Incorporation, the Company Act or other laws and regulations shall govern.

Article 26: The Articles were enacted on April 18, 2001.

First amendment was on August 10, 2006.

Second amendment was on January 14, 2008.

Third amendment was on December 15, 2008.

Fourth amendment was on May 21, 2010.

Fifth amendment was on June 15, 2012.

Sixth amendment was on May 30, 2014.

Seventh amendment was on September 26, 2014.

Eighth amendment was on June 8, 2015.

Ninth amendment was on June 29, 2016.

Tenth amendment was on June 26, 2019.

Eleventh amendment was on June 17, 2020.

Twelfth amendment was on July 2, 2021.

## **Appendix 2**

### **Great Tree Pharmacy Co., Ltd. "Rules of Procedure for Shareholders' Meeting"**

Article 1: To establish a strong governance system and sound Supervisory capabilities for this Company's Shareholders' Meetings, and to strengthen management capabilities, these Rules are adopted for compliance.

Article 2: The Company's Rules of Procedure for Shareholders' Meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 3: Unless otherwise provided by law or regulation, this Company's Shareholders' Meetings shall be convened by the Board of Directors.

To convene an Annual Shareholders' Meeting, the Company shall prepare a Meeting Handbook and announce it to every shareholder 30 days before the date of meeting. Regarding shareholders whose hold less than 1,000 name-bearing shares each, the Company shall make the announcement through the Market Observation Post System (MOPS) 30 days before the date of meeting. To convene a Special Shareholders' Meeting, the Company shall make announcement 15 days before the date of meeting. Regarding shareholders whose hold less than 1,000 name-bearing shares each, the Company shall make the announcement through the MOPS 15 days before the date of meeting.

The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of addressees, the meeting notice may be given in electronic form.

Election or dismissal of Directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by Directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

When the meeting agenda has specified general re-elections of the Directors and the terms of the Directors' office, the terms of office of the Directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the Shareholders' Meeting.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a written proposal for discussion at a general Shareholders' Meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. Shareholders may submit proposed proposals to urge the Company to promote the public interest or fulfill its social responsibilities. The procedures shall be limited to one item in accordance with the Article 172-1 of the Company Act. Any proposal in excess shall be excluded from the agenda.

Prior to the book closure date before a general shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, the method of receiving such proposals (whether written or in electronic form), and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the General Shareholders' Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a Shareholders' Meeting, The Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4: For each Shareholders' Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders' Meeting, and shall deliver the proxy form to the Company 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: The venue for a Shareholders' Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders' Meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be

given to the opinions of the Independent Directors with respect to the place and time of the meeting.

Article 6: The Company shall specify in its Shareholders' Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors or Supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7: If a Shareholders' Meeting is convened by the Board of Directors, the Chair of the meeting shall be the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman. If there is no Vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the Managing Directors to act as the Chair. If there are no Managing Directors, one of the Directors shall be appointed to act as the Chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one person to serve as the Chair.

When a Managing Director or a Director serves as Chair, as referred to in the preceding paragraph, the Managing Director or Director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person Director that serves as Chair.

It is advisable that Shareholders' Meetings convened by the Board of Directors be chaired by the Chairman in person and attended by a majority of the Directors.

If a Shareholders' Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall Chair the meeting. When there are two or more such convening parties, they shall mutually select a Chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

Article 8: The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9: Attendance at Shareholders' Meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and announce relevant information such as the number of non-voting rights and the number of shares present at the same time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Company Act.

Article 10: If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda (including extraordinary motions and amendments to proposals), which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of

Directors.

The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new Chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and arrange ample time for a vote.

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the Chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chair and the shareholder that has the floor; the Chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.

Article 12: Voting at a Shareholders' Meeting shall be calculated based the number of shares.

With respect to resolutions of Shareholders' Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding

paragraph shall not be calculated as part of the voting rights represented by attending shareholders. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company convenes a Shareholders' Meeting, voting shall be conducted in electronic measures but may also be conducted in writing. When voting via written or electronic method, the choice shall be indicated in the shareholder meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. The shareholder is deemed to have waived his/her rights with respect to the extraordinary motions and revisions to the original proposals of that meeting; it is therefore advisable that the Company shall avoid submission of extraordinary motions and revision to the original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Shareholders' Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days before the date of the Shareholders' Meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders' Meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in The Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the Chair or a person designated by the Chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the

number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for Shareholders' Meeting proposals or elections shall be conducted in public at the place of the Shareholders' Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14: The election of Directors at a Shareholders' Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, as well as the names of candidates not elected and their corresponding number of votes received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 15: Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the Chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the weight of the votes), and the number of weighted votes each nominee received in case of a Directors' elections, and shall be retained for the duration of the existence of the Company.

Article 16: On the day of a Shareholders' Meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the Shareholders' Meeting.

If matters put to a resolution at a Shareholders' Meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the content of such resolution

to the MOPS within the prescribed time period.

Article 17: Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.

The Chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a Shareholders' Meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the Chair may prevent the shareholder from so doing.

When a shareholder violates the Rules of Procedure for Shareholders' Meetings and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18: When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19: These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

Article 20: The Procedures were enacted on June 25, 2013; first amendment took place on June 29, 2016; second amendment took place on June 17, 2020; third amendment took place on July 2, 2021.

## **Appendix 3**

### **Great Tree Pharmacy Co., Ltd. "Regulations Governing the Acquisition and Disposal of Assets" (Before Amendments)**

#### **Chapter 1 General Provisions**

##### **Article 1: Purpose and legal reference**

To strengthen asset management and to achieve the purpose of full information disclosure, the Company has adopted these Procedures in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and the SFB Directive No. 0910006105 on December 10, 2002 and the SFB Directive No. 0920001151 on March 21, 2003, and FSC Directive No. 0960001463 "Procedures for Acquisition and Disposal of Assets by Public Companies" on January 19, 2007 and relevant laws.

##### **Article 2: Scope of asset and definition**

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

##### **Article 3: Definition of terms**

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance

of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

- III. Related party or subsidiary: As defined in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. Provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Investment Commission, Ministry of Economic Affairs or conducted in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area."
- VII. Investment professionals: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- VIII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the "Regulations Governing Securities Trading on the Taipei Exchange"; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already lapsed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.  
When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
  - I. Prior to accepting a case, they shall prudently assess their own professional

capabilities, practical experience, and independence.

- II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data, parameters, and information used, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 5: Besides acquisition of assets for business use, the Company may also invest in acquisition of non-operating real property and marketable securities with the following transaction limits:

1. Aggregate investment in marketable securities may not exceed 50% of the shareholders' equity as attested by the Company's certified public accountants (CPA).
2. Investment in individual marketable securities cannot exceed 20% of the shareholders' equity as attested by the Company's CPA.

## **Chapter 2 Procedures**

### **Section 1 Acquisition or disposal of assets**

Article 6: Evaluation and procedures are as follows:

- I. Real property, equipment or right-of-use assets  
In acquiring or disposing of equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
  - (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
  - (II) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained (appraisers shall not be related parties to one another).
  - (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and

Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(IV) No more than 3 months may have elapsed between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

## II. Short- and long-term marketable securities

In acquiring or disposing of securities shall, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

## III. Membership or intangible assets

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

## IV. Derivatives

Handled in accordance with related rules in Section 3 of the Procedures.

## V. Acquisition or disposal of assets through merger, demerger, acquisition, or transfer of shares in accordance with the law will be handled in accordance with related rules in Section 4 of the Procedures.

## VI. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

## VII. The calculation of the transaction amounts referred to in the preceding three

paragraphs shall be done in accordance with Paragraph 2, Article 31 herein, and "within the preceding year" as used herein refers to one year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 7: Price-deciding method and points of reference

- I. In acquisition or disposal of marketable securities traded in an active market or at investment securities, the price will be determined by the market price at the time or price of bond.
- II. In acquisition or disposal of marketable securities traded in an active market or at investment securities, the net worth per share, profitability, future development potential, market rate, coupon rate of the bond, and credibility of the bond, as well as transaction price of the securities market shall be taken into consideration.
- III. In acquisition or disposal of real property, the published present value, valuation worth, and actual transaction prices of neighboring real property should be taken into consideration as price negotiation factors.
- IV. In acquisition or disposal of other fixed asset, either price comparison, price negotiation, or bidding shall be adopted.
- V. In acquisition or disposal of membership, price comparison or negotiation shall be adopted.
- VI. Acquisition or disposal of intangible asset shall be processed in accordance with related laws and contractual agreements.
- VII. Acquisition or disposal of derivatives shall be processed in accordance with Section 3 of the Procedures.
- VIII. Acquisition or disposal of assets through mergers, demergers, acquisitions or transfer of shares in accordance with the law, shall be processed in accordance with Section 4 of the Procedures.

Article 8: Trading Terms and Authorization Limit

In acquisition or disposal of assets, the Company shall follow the below trading terms and authorization limit:

- I. Short-term investments less than NT\$10 million shall be approved by the General Manager; between NT\$10 million to NT\$30 million, approval from the Chairman will be needed; and for amounts between NT\$30 million to NT\$50 million, approval from the Board of Directors will be required.
- II. For the acquisition or disposal of long-term investment of NT\$30 million or less, approval from the Chairman will be needed, and the decision shall be subsequently submitted to and ratified by the next Board of Directors meeting. Amounts exceeding NT\$30 million shall be approved by resolution from the Board of Directors.
- III. For the acquisition or disposal of real property less than NT\$10 million, approval from the General Manager will be needed; between NT\$10 million to NT\$30 million, approval from the Chairman will be needed; and for amounts over NT\$30 million, approval from the Board of Directors will be required before the acquisition or the disposal can be made. However, capital expenditure budget approved by the Board of Directors is exempted from this limit.
- IV. Acquisition or disposal of other fixed asset less than NT\$10 million shall be approved by the General Manager; between NT\$10 million to NT\$30 million, approval from the Chairman will be needed; and for amounts over NT\$30 million, approval from the Board of Directors will be required before the acquisition or the disposal can be made. However, capital expenditure budget approved by the Board

of Directors is exempted from this limit.

- V. Acquisition or disposal of membership or intangible asset will be handled after the implementation department submits relevant information for approval from the Board of Directors.
- VI. Acquisition or disposal of derivatives will be carried out in accordance with Section 3 of the Procedures.
- VII. Acquisition or disposal of assets through mergers, demergers, acquisitions or transfer of shares in accordance with the law, shall be processed in accordance with Section 4 of the Procedures.

Pursuant to preceding regulation or other laws and bylaws, in acquisition or disposal of assets, the Company shall obtain approval from the Audit Committee and submit to the Board for resolution.

Article 9: Implementation unit

- I. Real property and other fixed assets: usage department and related responsible unit(s).
- II. Short- and long-term marketable securities: financing unit.
- III. Acquisition or disposal of membership and intangible assets: The General Manager will designate a responsible person or establish a project team to evaluate and implement the procedures.
- IV. Acquisition or disposal of derivatives: The Finance Department will be responsible for valuation and implementation.
- V. Asset acquisition or disposal through mergers, demergers, acquisitions or transfer of share and other material assets: The General Manager will designate a responsible person or establish a project team to evaluate and implement the procedures.

Section 2 Related party transactions

Article 10: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Paragraph 7, Article 6 herein.

"Related party" in the preceding Paragraph refers to that which is required in the IAS 6 announced by the Accounting Research and Development Foundation (ARDF).

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 11: When the Company intends to acquire or dispose of real estate property or its right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real estate property or its right-of-use assets from or to a related party and the transaction amount reaches 20% or more of the Company's paid-up capital, 10% or more of the Company's total assets, or NT\$300 million or above, except for trading of domestic government bonds or bonds under repurchase and resale agreements, as well as subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and approved by the Board of Directors:

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of

assets.

- II. The reason for choosing the related party as a transaction counterparty.
- III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 12 and 13.
- IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 2, Article 31 herein, and "within the preceding year" as used herein refers to one year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may, pursuant to Article 8, delegate to the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- II. Acquisition or disposal of real property right-of-use assets held for business use.

Article 12: When acquiring real property or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

- I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

When acquiring real property or right-of-use assets thereof from a related party, the

Company shall appraise the cost of the real property or right-of-use assets thereof in accordance with Paragraphs 1 and 2 of the Article shall also engage a CPA to check the appraisal and render a specific opinion.

When acquiring real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 11, and the preceding three paragraphs do not apply:

- I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
- IV. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 13: When the results of the Company's appraisal conducted in accordance with Paragraphs 1 and 2 of Article 12 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (I) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit, are valued in excess of the actual transaction price. "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - (II) Transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- II. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to one year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 14: Where the Company acquires or disposes of real property or right-of-use assets thereof from or to a related party and the results of appraisals conducted in accordance with Articles 12 and 13 are uniformly lower than the transaction price, the following steps shall be taken:

- I. A special capital reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost of real property or right-of-use assets thereof, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special capital reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- II. Independent directors shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to Subparagraphs 1 and 2 shall be reported to a Shareholders' Meeting, and the details of the transaction shall be disclosed in the Annual Report and any investment prospectus.

When the Company has set aside a special capital reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

### Section 3 Engagement of derivatives transactions

Article 15: Transaction principle and policy

- I. Types of derivatives transactions that can be taken:
  - (I) The term "derivatives" is defined as follows: forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, interest rate, foreign exchange rate, index of prices or rates, or other interests or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.
    1. Transactive refers to derivative products held or occurred whose purpose is to make a profit from the difference of commodity transaction prices, including proprietary trading and other transaction activities measured at fair value and recognized in current profit or loss.
    2. Non-transactive purpose refers to transaction activities outside the aforementioned purposes.
  - (II) The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
  - (III) Margin trading should be processed in accordance with the Procedures.
- II. Management or hedging strategies:

The hedging operation strategies of the Company shall first seek for off-setting and squaring off within the overall Company. Net positions shall be used in operations of derivatives transactions with the purpose of risk-hedging. In selecting trading

commodities, the Company shall select those that can avoid risks arising from the Company's business operations. Moreover, in selecting counterparty, financial institutions that the Company has usual business dealings with should be selected to avoid credit risk.

III. Segregation of duties:

Finance Department:

- (I) Obtain market information, determine trends and risks, familiarize with financial products and related laws and operating techniques, and undertake transactions based on the responsible manager's instructions and the delegated positions to hedge risks from market price fluctuations.
- (II) Regularly calculate the positions, collect market information, undertake trend judgment and risk evaluation, propose trading strategies and reference for transactions after approval from the decision-making authority. Provide information on risk exposure positions.
- (III) Measurement, supervision, and control of trading risk. Adjust operating strategies in line with market changes at all times. Responsible for foreign exchange management system such as collection of forex market information, determine trends and risks, and be familiar with financial products and operating techniques. And accept the instructions of the financial manager, authorize the management of foreign exchange positions, and avoid risks according to Company policies. Regularly evaluate unrealized profit or loss based on the balances of the derivative product positions held.
- (IV) The Finance Department shall prepare monthly reports and submit to the Accounting Department as the basis of accounting valuation.
- (V) Announcement and disclosure in line with regulations.

Accounting Department:

- (I) responsible for confirmation of transaction, settlement, and recording of details.
- (II) Review whether the transaction was carried out in accordance with authorized limits and existing strategies.
- (III) Bookkeeping and compiling financial statements according to General Accepted Accounting Principles.

Auditing Department: Internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives transactions by the trading department adheres to the "Procedures for Engaging in Derivatives Transactions," and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

IV. Key points in performance evaluation:

Where derivatives transactions are operated, the operating details shall be recorded on the log book on a daily basis to grasp the profit or loss; in addition, the exchange gains and losses shall be settled on a monthly, quarterly, semi-annual and annual basis.

V. Limits on aggregate losses or losses on individual contracts:

- (I) Aggregate contract limit for derivatives transactions (including transactive and

non-transactive purpose) is US\$3.5 million or its equivalent in NTD. Limit on aggregate losses is set at US\$200,000 or its equivalent in NTD, while limit on individual contract losses is US\$100,000 or its equivalent in NTD.

- (II) The Finance Department shall fully grasp the overall positions to avoid transaction risks. Aggregate contracts on forward exchange operations shall not exceed the Company's actual total needs for foreign currencies in import and export.
- (III) For hedging transactions, calculation of the cost is conducted when the contract is set up and hence there is no concern with the limit on loss. However, when the current exchange rate is highly unfavorable, the Company shall call relevant personnel to meeting to discuss countermeasures at any time.

#### Article 16: Operating procedures

##### I. Authorized limit

- (I) Non-transactive purpose: the strategic decision is set at one-third as the amount to be hedged based on the Company's monthly need for each currency. Each transaction can only be proceeded with when approval from senior manager and the Chairman has been received.
- (II) Transactive purpose: Every transaction (major or otherwise) shall be proceeded with when approval from senior manager and the Chairman has been received. The transaction risk cannot exceed the profit or loss principle of US\$50,000 at any time, which is also set as a stop-loss target.

##### II. Implementation unit and transaction process

- (I) Implementation of transactions: The Finance Department's trading personnel shall assess risks and benefits before engaging in any derivatives transactions, and to conduct transactions within the authorized amount. If the amount of the prior authorization is exceeded, written approval is required in accordance with the preceding paragraphs. After the completion of each transaction, the transaction log shall be filled immediately according to the financial institution's transaction reporting procedures. Contents shall be indicated and approved by the competent authority. A count of the positions will be taken and a copy of the transaction log will be sent to the Accounting Department.
- (II) Confirmation of the transaction: The Accounting Department of the delivery and recordation procedures shall confirm the transaction according to the copy of the transaction log made by the trading unit. Subsequently, delivery will be undertaken and details will be recorded according to the number confirmed by the transaction. The Finance Department shall prepare a monthly summary report and submit it to the Accounting Department as a basis for evaluation.

#### Article 17: Risk management measures

##### I. Scope of risk management:

- (I) Credit risk management: trading counterparties should be limited to financial institutions with business transactions with the Company. After the transaction, recording personnel shall immediately record the transaction on the credit limit control sheets and regularly check the balances with the transacting bank.
- (II) Market price risk management: the recording personnel shall verify whether the total transaction amount complies with the set credit limit pursuant to the Procedures at all times. The Accounting Department shall undertake market price valuation at all times and monitor the possible gain/loss influences on the positions held from future market price fluctuations.
- (III) Liquidity and cash flow risk management: the transacting financial institution

shall have adequate equipment, information and trading competency are needed in selecting financial products to ensure market liquidity. The trading personnel shall also monitor the Company's cash flow at all times to ensure that adequate cash payment can be made during delivery.

- (IV) Procedural risk management: the authorized credit limit and procedures and processes shall be strictly adhered to.
- (V) Legal risk management: any document to be signed with financial institutions need to be reviewed by legal personnel before it can be signed.
- II. Personnel engaged in derivatives transactions may not serve concurrently in other operations such as confirmation and settlement.
- III. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making.
- IV. Derivatives transactions positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.

Article 18: Where the Company engages in derivatives transactions, its Board of Directors shall faithfully supervise and manage such transactions in accordance with the following principles:

- I. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives transaction risk.
  - (I) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Procedures and the "Procedures for Engaging in Derivatives Transactions" formulated by the Company.
  - (II) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has Independent Directors, an Independent Director shall be present at the meeting and express an opinion.
- II. Periodically evaluate whether derivatives transaction performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

A public company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives transaction in accordance with its "Procedures for Engaging in Derivatives Transactions."

Article 19: When engaging in derivatives transactions, the Company shall establish a log book in which details of the types and amounts of derivatives transactions engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 17, Subparagraphs 1(1) and 2 of Article 18 shall be recorded in detail in the log book.

Article 20: Internal audit system

- I. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading and prepare an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

- II. The audit report of the preceding paragraph and the annual audit of the internal audit processes should be uploaded in a prescribed format to the online information reporting system before the end of February of the following year for the Securities & Futures Institute (SFI) to review. Improvement measures of the abnormalities shall be uploaded for the SFI to review by the end of May in the following year.

#### Section 4 Mergers, demergers, acquisitions and transfer of shares

Article 21: Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law referred to in the Procedures refer to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 6, Article 156 of the Company Act.

Article 22: When the Company conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 23: In participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the Shareholders' Meeting and include it along with the expert opinion referred to in Paragraph 1 of the preceding Article when sending shareholders notification of the Shareholders' Meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a Shareholders' Meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the Shareholders' Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders' Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders' Meeting.

Article 24: In participating in a merger, demerger, or acquisition, the Company shall convene a Board of Directors meeting and Shareholders' Meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

In participating in a transfer of shares, the Company shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference.

- I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 25: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 26: In participating in a merger, demerger, acquisition, or transfer of shares, the Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- II. An action, such as a disposal of major assets, that affects the company's financial operations.
- III. An event, such as a major disaster or major change in technology, that affects

shareholder equity or share price.

- IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- VI. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 27: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- I. Handling of breach of contract.
- II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
- IV. The manner of handling changes in the number of participating entities or companies.
- V. Preliminary progress schedule for plan execution, and anticipated completion date.
- VI. Scheduled date for convening the legally mandated Shareholders' Meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 28: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's Shareholders' Meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another Shareholders' Meeting to resolve on the matter anew.

Article 29: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and is required to abide by the provisions of Articles 24, 25 and 28.

#### Section 5 Control over the acquisition or disposal of assets by subsidiaries:

Article 30: Control over the acquisition or disposal of assets by subsidiaries:

- I. Subsidiary of the Company shall establish and implement "Procedures for Acquisition and Disposal of Assets" pursuant to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." The Procedures will be enacted upon approval from the Board of Directors from the subsidiary and submitted to the Shareholders' Meetings of the Company and the subsidiary. Any amendment thereto shall also follow the same procedures.
- II. Acquisition or disposal of assets from the Company's subsidiary shall be carried out in accordance with its "Procedures for Acquisition and Disposal of Assets."
- III. The Company shall report the information for any subsidiary that is not a domestic public companies when acquisition or disposal of assets contains matters that shall be reported and announced pursuant to Article 31.

- IV. The matters that shall be reported and announced pursuant to Article 31 from the subsidiary in the preceding paragraph, the standard for 20% of the paid-in capital or 10% of total asset shall be measured based on the Company's paid-in capital or total asset.
- V. Subsidiary's internal audit personnel shall periodically make a determination of the suitability of internal controls on asset acquisition or disposal and conduct a monthly audit of how faithfully it adheres to the "Regulations Governing the Acquisition and Disposal of Assets" in implementation and prepare an written audit report. If any material violation is discovered, the Audit Committee and the Company shall be immediately notified in writing.
- VI. The Company's auditing personnel shall undertake auditing procedures to the subsidiary based on the audit plan. Findings and recommendations during the review shall be reported to the subsidiary for improvement, and the progress of such improvement shall be tracked.
- VII. The Company shall not forfeit capital increase for Ivy Biotech Co., Ltd. (hereinafter referred to as Ivy Biotech) over the years in the future, or in case the Company directly or indirectly disposes of its shareholding in Ivy Biotech to the point where the Company loses substantial control over Ivy Biotech, a special resolution from the Board of Directors shall be obtained in a Board meeting attended by all Independent Directors who have all expressed their opinions. The aforementioned resolution and subsequent amendment to the Procedures shall be inputted in the Material Information section of the MOPS for disclosure purpose, and submitted in writing to the Taipei Exchange for review.

### **Chapter 3 Public disclosure of information**

Article 31: Under any of the following circumstances, when the Company acquires or disposes of assets, it shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format and classification as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Merger, demerger, acquisition, or transfer of shares.
- III. Losses from derivatives transactions reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- IV. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
- V. Acquisition of real property by the Company by engaging others to build on its own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, in which the Company is expected to invest NT\$500 million or more in transaction amount.
- VI. Where an asset transaction other than any of those referred to in the five preceding subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China reaches 20 percent or more of the Company's paid-in capital

or NT\$300 million or more. Provided, this shall not apply to the following circumstances:

- (I) Trading of domestic government bonds.
- (II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- I. The amount of any individual transaction.
- II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and cumulative disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and cumulative disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to one year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.

Article 32: The Company shall compile monthly reports on the status of derivatives transactions engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 33: Public disclosure of information

Pursuant to preceding regulations, the Company shall undertake public disclosure, in which the content of such disclosure shall be processed in accordance with the FSC.

Article 34: When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

Article 35: Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with Article 31, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

- I. Change, termination, or rescission of a contract signed in regard to the original transaction.
- II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- III. Change to the originally publicly announced and reported information.

Article 36: In acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except

where another act provides otherwise.

#### **Chapter 4 Supplementary Provisions**

Article 37: In case employees of the Company violates the Procedures in handling acquisition or disposal of assets, the Company's "Employee Code of Conduct and Incentive/Disincentive Measures" will be carried out accordingly.

Article 38: The Company's asset acquisition or disposal shall be carried out in accordance with the Procedures. Upon approval from the Audit Committee and a resolution from the Board of Directors, the Regulations will be submitted to the Shareholders' Meeting for adoption. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the Director's objection to Shareholders' Meeting for discussion. The same shall apply to any revision.

If the approval of the Audit Committee is not obtained as described in the preceding paragraph, the establishment or revision of the Procedures may be implemented if approved by more than two-thirds of all Directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

Article 39: The Regulations were enacted on June 15, 2012; first amendment took place on May 30, 2014; second amendment took place on June 29, 2016; third amendment took place on June 23, 2017; fourth amendment took take place on June 26, 2019; the fifth amendment took place on June 17, 2020; and the sixth amendment took place on July 2, 2021.

## **Appendix 4**

### **Shareholdings of All Directors**

The shareholding of Directors as of April 2, 2022 (the book closure date) is as follows:

Title	Name	Shares held as of the book closure date	
		Shareholding	Ratio (%)
Chairman	Cheng Ming Lung, Representative of Zhen Han Investment Co., Ltd	7,864,172	11.09
Director	Shen Li Ping, Representative of Top Taiwan BioTech Venture Capital Co., Ltd.	432,302	0.61
Director	Chen Hung Yi	0	0.00
Director	Lu Shan Feng	651,265	0.92
Independent Director	Liu Tian Dao	0	0.00
Independent Director	Kuo Dai-Huang	46,719	0.07
Independent Director	Wang Hsing-Wen	0	0.00
Cumulative Shareholding of All Directors and Ratios		8,994,458	12.69

Note 1: As of the book closure date, the number of shares issued by the Company is 70,911,059 shares.

Note 2: Pursuant to provisions from Article 26 of the Securities and Exchange Act, the minimum required number of shares held by all Directors shall be 5,672,885 shares.

Note 3: The Company has set up three seats of Independent Directors. Of all Directors, the shareholding of Non-independent Directors may be calculated based on the 80% of the required number of shares held.