



Pacific Hospital Supply Co., Ltd.
Shareholder regular session transactions of 2009

Date: June 10, 2009 (Wednesday), 9:00 a.m.

Location: No.22-1 Chusen, Chusen Village, Tongluo Township, Miaoli County, Taiwan

(Tongluo Township Chusen Community Activity Center)

Chaired by: Chairman Lee Yuan-yung

I. Report and confirm the quorum and call to order the meeting : Attends the shareholder and the shareholder agent represents stock total total 29, 868, 834, occupies this company to distribute stock total 60. 23%th 49, 591, 078. Has reached legal holds a meeting the fold of yarn, president legally call meeting to order.

II. Opening speech by the Chairman.

III. Issues to be reported

Issue No. I, Proposed by the Board of Directors

Subject: 2008 Business & Financial Reports of the Company are herewith reported for acknowledgement.

Descriptions: Please refer to Meeting Agenda, Appendix I, pp. 12-13.

Issue No. II, Proposed by the Board of Directors

Subject: The report by the Supervisors in review over Year 2008 Final Accounts is herewith reported for acknowledgement.

Descriptions: Please refer to Meeting Agenda, Appendix II, p14.

Issue No. III, Proposed by the Board of Directors

Subject: The Company's Report on the Second Issue of Domestic Collateralized Convertible Corporate Bonds is herewith reported for acknowledgement.

Descriptions:

1. As expressly provided for in Article 246 of the Company Law, a company may, by a resolution adopted by the Board of Directors, invite subscription for corporate bonds, provided that the reasons for the said action as well as other relevant matters are reported to the meeting of shareholders.
2. As officially resolved in the 9th Board of Directors Meeting of Session XI held on October 15, 2008 about the Second Issue of Domestic Collateralized Convertible Corporate Bonds amounting to NT\$210 million which came into effect after being submitted to and approved by the Financial Supervisory Commission, Executive Yuan, Pacific Hospital Supply Co., Ltd. officially issued the Second Issue of Domestic Collateralized Convertible Corporate Bonds NT\$210 million on November 19, 2008 which were officially listed in GreTai Securities Market ("GTSM").
3. Please refer to Meeting Agenda, Appendix III, p. 15.

Issue No. IV, Proposed by the Board of Directors

Subject: Report about the "Moral Behavior Guides" newly enacted by the Company for your information.

Descriptions:

1. In an attempt to strengthen corporate governance and to put into effect

thoroughly sound business management, the “Moral Behavior Guides” of the Company have been duly enacted.

2. Please refer to Meeting Agenda Appendix IV, pp. 16-17 for more details of the contents of “Moral Behavior Guides” .

IV Issues to be acknowledged

Issue No. I, Proposed by the Board of Directors

Subject: The Company’s Business Report and Financial Accounts of Year 2008 are herewith submitted for acknowledgement.

Descriptions:

1. The Company’s Balance Sheet, Income Statement, Change in Shareholders’ Equity, Cash Flow Statement and Consolidated Financial Statement of Year 2008 have been duly audited by Certified Public Accountants Chang Jui-na and Chen Chao-min of Deloitte Touche Tohmatsu International Certified Public Accountant who have duly issued the Audit Report. Please refer to Meeting Agenda, Appendix V, pp. 18~31.
2. The aforementioned final accounts of Year 2008 were already duly resolved in the 11th Board of Directors Meeting of Session XI, further completed in audit by the Supervisors and are herewith submitted for acknowledgement.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

Issue No. II, Proposed by the Board of Directors

Subject: The Company’s earning allocation for Year 2008 is proposed for acknowledgement.

Descriptions:

1. In Year 2008, the Company gained net profit before tax amounting to NT\$ 157,187,443. After deducting income tax expenses NT\$26,052,366, the net profit after tax in the present term came to NT\$131,135,077. It is proposed that 10% be appropriated as legal reserve, i.e., a sum of NT\$13,113,508. When the unappropriated retained earnings of the preceding term NT\$12,390,590 were added, the total earning allocable this term came to NT\$130,412,159.
2. In accordance with the Company’s Articles of Incorporation, it is proposed that a sum of NT\$108,533,340 be allocated as bonus to shareholders, a sum of NT\$15,700,000 be allocated as bonus to employees, and a sum of NT\$1,440,000 be allocated as remuneration to directors and supervisors. Of this, NT\$74,000,000 bonus to shareholders, NT\$15,700,000 bonus to employees and NT\$1,440,000 remuneration to directors and supervisors are to be allocated in cash.. (Cf. Meeting Agenda, Appendix VI, p. 32.)
3. The aforementioned issue was already duly resolved in the 11th Board of Directors Meeting of Session XI and is herewith submitted for acknowledgement.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

V. Issues posed for discussion

Issue No. I, Proposed by the Board of Directors

Subject: Allocation of dividend with the Company’s earnings in Year 2008. Please, therefore, kindly resolve the decision as appropriate.

Descriptions:

1. To put into effect thoroughly the Company's dividend policy and to assure rational capital planning, it is proposed that with Year 2008 earnings, each share of the Company's stocks will be allocated with NT\$1.52027059 dividends in cash and NT\$0.70945975 dividends in stock. The total bonus to shareholders comes to NT\$108,533,340.
2. In the present allocation of bonus to shareholders in stocks with Year 2008 earnings, a total of 70.945975 shares will be allocated for each thousand shares held by shareholders whose names appear on the Register (Roster) of Shareholders as of the base (reference) date. The fraction less than one share shall be pieced up together by shareholders themselves into the whole number of one share for allocation which the shareholders shall register with the Company's agent for stock affairs within five days prior to the base (reference) date of allocation. The shortfall shall be converted *pro rata* to the par value and paid in cash. For the fractions less than one share, i.e., the odd lots, the Board of Directors authorizes the Chairman to approach specific people to purchase.
3. In the present allocation of bonus to shareholders in cash with Year 2008 earnings, a total of NT\$1,520.27059 will be allocated for each thousand shares held by shareholders whose names appear on the Register (Roster) of Shareholders as of the base (reference) date. The fraction less than NT\$1 shall be accepted by the Welfare Committee (Fringe Benefit Committee) of Pacific Hospital Supply Co., Ltd.
4. On the earning of Year 2008 to be allocated as dividends, it is proposed that after the issue is resolved in the regular meeting of shareholders and approved by the competent authorities of the government, the board of directors is authorized with full powers to fix the base (reference) date for stock or dividend allocation and the dividend will be allocated on such base (reference) date. In the event that a holder of Second Issue of Domestic Collateralized Convertible Corporate Bonds of Pacific Hospital Supply Co., Ltd. exercises the right of conversion prior to the base (reference) date for stock or dividend allocation and, as a result, affects the number of the Company's outstanding shares and, in turn, the amount of stock or dividend allocation to shareholders changes, it is proposed that the regular meeting of shareholders authorize the board of directors with full powers to take charge of the issues as appropriate. In case of a change in the present stock, dividend allocation as accredited by law or competent authority, it is proposed that the regular meeting of shareholders authorize the board of directors to duly manage it as appropriate.
5. Please kindly resolve the decision as appropriate.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

Issue No. II, Proposed by the Board of Directors

Subject: It is proposed that the Company's earnings of Year 2008 be converted into capital increase (re-capitalization) to issue new shares. Please kindly resolve the decision as appropriate.

Descriptions:

1. In an attempt to expand productivity and taking into account mid- and long-term financial planning and to meet future capital needs, it is

proposed that the earnings made by the Company in Year 2008, amounting to NT\$34,533,340 be taken for capital increase (re-capitalization) to issue 3,453,334 new shares at NT\$10 par value. Accordingly, the Company's paid-in capital amounts to NT\$486,755,450 before capital increase (re-capitalization) and amounts to NT\$521,288,790 after capital increase (re-capitalization). After issuance of new shares, the total number of outstanding shares comes to 52,128,879 shares.

2. In the present session, with earning made by the Company in Year 2008, the stock dividend allocated to shareholders will be taken for capital increase (re-capitalization) to issue new shares, with 70.945975 shares to be allocated out of every thousand shares based on the figures shown on the Register (Roster) of Shareholders prevalent on the base (reference) date for stock allocation to shareholders.
3. Of the new shares issued in the present capital increase (re-capitalization), the rights and obligations borne thereby are same as those borne by outstanding shares.
4. The board of directors is authorized with full power to fix the base (reference) date for ex-right in stock allocation after the stock allocation is resolved in the shareholders' meeting, submitted to and approved by the competent authority.
5. Please kindly resolve the decision as appropriate.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

Issue No. III, Proposed by the Board of Directors

Subject: It is proposed for amendment of the Company's "Articles of Incorporation". Please, therefore, kindly resolve the decision as appropriate.

Descriptions:

1. Where the Company has been approved by the GreTai Securities Market ("GTSM") of the Republic of China from establishment of independent supervisors, and where the Company should increase business lines, it is proposed that the Company's Articles of Incorporation be duly updated.
2. In line with the Company's capital planning, it is proposed that in part of the Company's Articles of Incorporation, the content "The Company has total capital amounting to Six Hundred Million New Taiwan Dollars, divided into sixty million shares at NT\$10 par value which may be issued in installments" be amended to: "The Company has total capital amounting to NT\$486,755,450, divided into 48,755,545 shares at NT\$10 par value which may be issued in installments."
3. Regarding the "Articles of Incorporation", the contents before and after amendment in comparison, please refer to Meeting Agenda Appendix VII, pp. 33-36.
4. Please kindly resolve the decision as appropriate.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

Issue No. IV, Proposed by the Board of Directors

Subject: It is proposed for amendment of the Company's "Regulations Governing Directors and Supervisors Election". Please, therefore, kindly resolve the decision as appropriate.

Descriptions:

1. By GreTai Securities Market ("GTSM") with its Letter Cheng-Kui-Chian-Tze 0980003494 dated March 4, 2009, the Company was approved free of establishment of supervisors of independent functions. It is, accordingly, proposed for amendment of the Company's "Regulations Governing Directors and Supervisors Election" .
2. Regarding "Regulations Governing Directors and Supervisors Election" contents before and after amendment in comparison, Please refer to Meeting Agenda Appendix VIII, p. 37-38.
3. Please kindly resolve the decision as appropriate.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

Issue No. V, Proposed by the Board of Directors

Subject: It is proposed for amendment of the Company's "Regulations Governing Loaning of Funds to Others". Please, therefore, kindly resolve the decision as appropriate.

Descriptions:

1. The present issue is to be duly handled in accordance with Letter Chin-Kuan-VI-Tze 0980000271 of the competent authority dated January 15, 2009.
2. In line with the partial amendment of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", it is proposed for amendment of the Company's "Regulations Governing Loaning of Funds to Others". Regarding the Company's "Regulations Governing Loaning of Funds to Others" , the contents before and after amendment in comparison, please refer to Meeting Agenda Appendix IX, pp. 38-39.
3. Please kindly resolve the decision as appropriate.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

Issue No. VI, Proposed by the Board of Directors

Subject: It is proposed for amendment of the Company's "Regulations Governing Making of Endorsements/Guarantees". Please, therefore, kindly resolve the decision as appropriate.

Descriptions:

1. The present issue is to be duly handled in accordance with Letter Chin-Kuan-VI-Tze 0980000271 of the competent authority dated January 15, 2009.
2. In line with the partial amendment of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", it is proposed for amendment of the Company's "Regulations Governing Making of Endorsements/Guarantees" . Regarding the Company's "Regulations Governing Making of Endorsements/Guarantees" , the contents before and after amendment in comparison, please refer to Meeting Agenda Appendix X, p. 40-43.
3. Please kindly resolve the decision as appropriate.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

Issue No. VII, Proposed by the Board of Directors

Subject: It is proposed for amendment of the Company's "Articles of Incorporation".
Please, therefore, kindly resolve the decision as appropriate

Descriptions:

1. To meet the Company's future need in issuing new shares and raising working capital, it is proposed that the total amount of the Company's authorized capital as set forth in the Articles of Incorporation be increased up to One Billion New Taiwan Dollars, to be divided into one hundred million shares at NT\$10 par value, which may be issued in installments.
2. Regarding "Articles of Incorporation" contents before and after amendment in comparison, please refer to Meeting Agenda Appendix XI, p. 44-45.
3. Please kindly resolve the decision as appropriate.

Decision resolved: Seeks information all after president to attend the shareholder not to have the objection to pass according to the document.

VI. Other issues posed

VII. Occasional (extemporaneous) motions

VII. Adjournment of the meeting

Pacific Hospital Supply Co., Ltd.
Business Report Fiscal 2008

Thanks to the great teamwork by the entire staff, Pacific Hospital Supply Co., Ltd. performed quite satisfactorily in the Year 2008 and accomplished new highs in both sales turnover and net profit. We'd now like to summarize the Company's performance in 2008 with highlights enumerated below:

【Business policies】

In the incessant effort to develop core technology & know-how and new products while strengthening marketing and profound fostering of the target markets, the Company holds the business policies below:

- (I) Broaden productivity phase-by-phase, bring production cost down and supply high quality medical treatment devices and products.
- (II) Boost R&D on new products of high added value to boost competitive edge in the markets.
- (III) Activate managerial mechanism/regime, enhance quality of human resources and organizational performance.
- (IV) Strengthen core competitive edge, create entrepreneurial values and set up a sound corporate image.

【Facts of enforcement in brief】

As always, the Company has focused on the key own brand names notably including "PAHSCO" and "Good-flow" in markets, in particular over the past few years. With multiple varieties of products in the integral range, the Company boasts the thoughtful "integrated" sales services, which has won widespread acclaim in markets. Here at Pacific Hospital Supply Co., Ltd., we spare no effort, and make continual and uninterrupted efforts to foster high-caliber human resources and thoroughly put into effect the quality target of "strict quality control to live up to customer satisfaction". In the days and years ahead, we will win more and more purchase orders from world class international giants and vitalize markets of our own brand names. With solid strides, we will continually implement our development strategies and broaden the corporate scale. In the foreseeable future, we firmly believe that Pacific Hospital Supply Co., Ltd. will become the topnotch medical treatment device and service provider in the markets.

【Results of implementation of business plans】

In 2008, we accomplished significant business performance, notably the following:

In Year 2008, our operating revenues came to NT\$960.906 million, growing by 15.38% over NT\$832.847 million operating revenues attained in 2007. Our gross operating profits in 2008 amounted to NT\$319.462 million, up by 32.63% over , compared to NT\$240.872 million gross operating profits attained in 2007. In 2008, the operating expenses amounted to NT\$142.097 million and net operating profit amounted to NT\$177.365 million, growing by 61.83% over the operating profit of NT\$109.600 million attained in 2007. In 2008, the net profit before tax amounted to NT\$157.187 million, growing by 32.68% when compared with NT\$118.469 million net profit before tax accomplished in 2007. In 2008, net profit after tax amounted to NT\$131.135 million, growing by 11.85% when compared with NT\$117.244 million net profit after tax of 2007. In 2008, the Company made basic EPS per share before tax at NT\$3.27 and the basic EPS per share after tax at NT\$2.73, growing by 11.43% when compared with NT\$2.45 basic EPS per share after tax of the preceding year 2007.

【Implementation of operating revenues and expenditures compared with targets】

In entire year of 2008, the budgets were implemented without a significant gap or change when compared with targets. The Company was successful in cost control and rationalization. In turn, with enhanced performance in business operation, we further enhanced gross profitability and earning after tax.

【Analyses on profitability】

In Year 2008, the earnings after tax came to NT\$131.135 million, increasing by NT\$13.891 million or 11.85% as compared with the NT\$117.244 million earning after tax made in the preceding year, i.e., 2007.

In Year 2008, the net revenue in cash from operating activities came to NT\$ 253.242 million. The net cash outflow for investment activities amounted to NT\$ 97.091 million. The net cash inflow in cash from financing activities came to NT\$156.127 million. The cash balance at the end of the term amounted to NT\$497.557 million. As of December 31, 2008, the total amount of assets came to NT\$1210.536 million. The total liabilities came to NT\$486.274 million. All these figures suggest a sound, steady and normal financial structure and solvency.

【Performance in R&D in brief】

Pacific Hospital Supply Co., Ltd. invests huge amounts of resources into Research & Development on a long-term basis. In Year 2008, the total R&D expenses came to NT\$19.463 million, up by 29.7% when compared with the total costs invested on research & development in 2007. We applied for a total of 35 patents as the firm endeavors to thoroughly protect the Company's intellectual property rights.

Thanks to the purchase orders placed by international giants in 2008 in concert with our efforts in sound cost control and benefits from investment credits, we accomplished brilliant results and are quite optimistic about our promising future performance. We are highly grateful to our cherished shareholders for the constant support and approval to Pacific Hospital Supply Co., Ltd. In return, we shall double our efforts in the days and years ahead in an attempt to reap bumper harvests for our shareholders. For and on behalf of Pacific Hospital Supply Co., Ltd. and our entire staff, we sincerely wish you all the greatest in happiness, health and success, with warmest appreciation and regards, now, and forever!

Chairman Lee Yuan-yung
General Manager Chung Jen
Accounting Department Director



Lee Chia-mao



Supervisors' Review Report

To: The Board of Directors, Pacific Hospital Supply Co., Ltd.

The Business Report, Financial Statements and List of Earning Allocation of Pacific Hospital Supply Co., Ltd., 2008 and the Consolidated Financial Statements (balance sheet, income statement, change in shareholders' equity and statement of cash flows) of Fiscal 2008 worked out and submitted by the Company's Board of Directors have been duly audited by Certified Public Accountants Chen Chao-min and Chang Jui-na of Deloitte Touche Tohmatsu International Tohmatsu International and further checked and verified by us, the Undersigned Supervisors, and prove appropriate. This Report is duly submitted in accordance with Article 219 of the Company Law.

Pacific Hospital Supply Co., Ltd.

Supervisor Chiang Fu-yi (Signed or affixed with seal)



Supervisor Cheng Li-min (Signed or affixed with seal)



Supervisor Chang Min-chih (Signed or affixed with seal)



March 10, 2009

Pacific Hospital Supply Co., Ltd.

Report on the Second Issue of Domestic Collateralized Convertible Corporate Bonds

Descriptions	Contents					
Title of the corporate bond	Second Issue of Domestic Collateralized Convertible Corporate Bonds of Pacific Hospital Supply Co., Ltd. (Code: 41262)					
Total amount and face amount of the corporate bond	A total amount of NT\$210 million, to issue a total of 2,100 Second Issue of Domestic Collateralized Convertible Corporate Bonds, at NT\$100,000 face amount, to be issued based on the face amount in full, at interest rate 0% as face rate.					
Terms and time limit of corporate bond reimbursement	Duration of issuance: Five years The Second Issue of Domestic Collateralized Convertible Corporate Bonds will be reimbursed in a lump-sum in cash based on the face amount unless the bond holders convert the Bonds into the Company's common shares in accordance with Article VIII of the Regulations, or exercise the sale-back rights in accordance with Article XVIII of the Regulations, and retrieve in advance in accordance with Article XVII of the Regulations.					
Plan for corporate bond reimbursement and custody	Second Issue of Domestic Collateralized Convertible Corporate Bonds shall be reimbursed with funds of operating activities and financing activities. Where no reimbursement fund is established for the Bonds, there are no terms established for custody.					
Purposes and plans of the raised funds for the corporate bonds	Unit:	Thousand New Taiwan Dollars	Factory construction	Purchase of production equipment & facilities	Total	
	Time scheduled for completion		Quarter 4, 2009	Quarter 4, 2009		
	Total amount of funds required		346,252	25,000	371,252	
	utilization of the fund	2008	Quarter 4	26,576	-	26,576
		2009	Quarter 1	46,632	-	46,632
			Quarter 2	73,540	3,450	76,990
			Quarter 3	110,094	3,200	113,294
		Quarter 4	89,410	18,350	107,760	
Name of the consignee of the corporate bond creditor	Far Eastern International Bank, Trust Department					
Bank of payment collection	Bank: The First Commercial Bank, Minchuan Branch					
Name of underwriter or selling agent, if any	Name of Underwriter: To be under the charge of and sold to the public by Polaris Securities Ltd.					
Category, name and Supporting Certificate of issuance guarantee, if any	Category: Bank guarantee Name: Hua Nan Commercial Bank Co., Ltd. Supporting Certificate: Pacific Hospital Supply Co., Ltd., Consignment & Guarantee Agreement on the Second Domestic Issue of Collateralize Corporate Bonds					
Category, name and Supporting Certificate of	Name: Hua Nan Commercial Bank Co., Ltd. Supporting Certificate: Pacific Hospital Supply Co., Ltd., Consignment &					

issuance guarantor, if any	Guarantee Agreement on the Second Domestic Issue of Collateralized Corporate Bonds			
Terms of issuance and conversion	Cf. Meeting Agenda, Appendix VI (. 62)			
Condition of liquidity of corporate bonds (As of April 30, 2009)	Number of convertible corporate bonds issued (sheets)	Number of convertible corporate bonds converted (sheets)	Outstanding number of convertible corporate bonds not yet converted (sheets)	Conversion price (NT\$)
	2,100	358	1,742	22.5

Pacific Hospital Supply Co., Ltd.
Moral Behavior Guides

Appendix IV

I. Purposes and authority:

These Moral Behavior Guides are duly enacted in an attempt to provide a solid grounding and guide to directors and supervisors, managerial officers (including the General Manager and equivalent level executives, Vice General Manager and equivalent level executives, Assistant General Manager and equivalent level executives, Financial Department Director, Accounting Department Director and other officers bestowed with powers to take charge of and sign for the Company). With the help of the Moral Behavior Guides, all people with any involvement of interests with Pacific Hospital Supply Co., Ltd. will become better aware of the Company's moral criteria and will comply with the Guides accordingly.

II. Highlights covered in the Moral Behavior Guides:

The highlights, the respective conditions and needs that the Company takes into account in enactment of Moral Behavior Guides include the following:

(I) Prevention of conflicts of interest:

An involvement of individual interests or potential involvement of such interests in the overall interests of the Company tends to lead to conflicts of interest. In the event that the directors and supervisors or the managerial officers of the Company could not take charge of the Company's business operation in an effective, just and impartial manner, or that when they themselves, their spouses, parents, children or relatives within the third degree of kinship obtain unjust interests because of the positions they serve with the Company, that would be a serious case of conflict of interest which should be prevented.

(II) Efforts to prevent unjustifiable personal interests:

The Company should take appropriate measures to prevent directors and supervisors or managerial officers from any of the following actions:

- (1) Seeking personal interests by taking advantage of the Company's properties, information or their duties.
- (2) Striving for personal interests by taking advantage of the Company's properties, information or their duties.
- (3) Taking any actions in competition against the Company.

Whenever the Company gets a chance to make profit, the directors and supervisors or managerial officers are obliged to put forth their maximum possible efforts to win justifiable interests for the Company.

(III) Non-disclosure obligations:

Unless duly authorized or required by law, the directors and supervisors or managerial officers are subject to non-disclosure obligations for all information and data of the Company regarding the Company itself or input (output) customers. The directors and supervisors or managerial officers shall assure no divulgence of such classified information and data to competitors and shall try to keep all such classified information and data, that have not been made public, from being used detrimentally to the Company.

(IV) Fair trade:

The directors and supervisors or managerial officers shall assure to be just and fair toward input (output) customers, competitors and employees. Under no circumstances shall they make any misrepresentation or unfair trade in other means to gain unjust enrichment or interests by means of manipulation, concealment, or abuse of the information and data, which they acquire in

performance of duties.

(V) Protection and appropriate use of the Company's assets:

All directors and supervisors or managerial officers are obliged to safeguard the Company's assets as their bounden duties and shall assure that the Company's assets shall only be used lawfully and effectively within their duties and powers. Stolen or wasted assets as a result of their negligence will directly reduce the Company's profitability.

(VI) Compliance with laws and regulations concerned:

The Company should strengthen efforts to assure compliance to Securities and Exchange Law and other laws and regulations concerned.

(VII) Encouragement of reports about any unlawful acts or acts in breach of Moral Behavior Guides:

Within the Company, the Company should strengthen efforts to have moral rules and criteria better known to all staff and should encourage employees to report to the directors and supervisors or managerial officers, internal audit director and other personnel concerned with the Company whenever they suspect or notice any act in violation of Moral Behavior Guides or other laws and regulations concerned. To assure effective encouragement, the Company holds a strict policy of absolutely safeguarding the employees who report such a wrongdoing to prevent them from any potential retaliation.

(VIII) Punishment and penalty:

Whenever a director, supervisor or managerial officer proves to have breached Moral Behavior Guides, the Company shall impose punishment or penalty upon the doer in accordance with Moral Behavior Guides. Moreover, the Company shall disclose the name, date of violation, fact of violation, rules violated and content of punishment of the offender in the Market Observation Post System (MOPS).

III. Procedures for waiver:

A waiver of directors and supervisors or managerial officers from compliance of Moral Behavior Guides shall not be permitted unless resolved by the board of directors. In case of a waiver, the position, name of the waived employee, date of waiver resolved by the board of directors, duration of the applicable waiver, cause of the applicable waiver and the applicable waiver rule shall be disclosed in the Market Observation Post System (MOPS) forthwith so that the shareholders will be given a chance to assess whether the waiver resolved by the board of directors is justifiable. This will, meanwhile prevent potential arbitrary decision of waiver from the compliance. This will also assure that the compliance against waiver will be put onto sound control to safeguard the Company's interests.

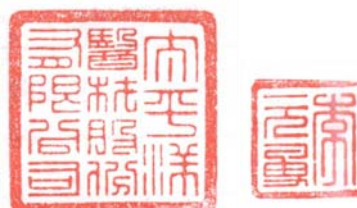
IV. Method of disclosure:

The Moral Behavior Guides enacted by the Company, and any amendment thereof, shall be expressly disclosed in the Company's Annual Report, Prospectus and Market Observation Post System (MOPS).

V. Enforcement

The Moral Behavior Guides of Pacific Hospital Supply Co., Ltd., and amendment thereof, shall be put into enforcement after being duly resolved by the board of directors, and reported to the supervisors and shareholders' meeting.

Pacific Hospital Supply Co., Ltd.
Responsible Person: Lee Yuan-yung



Certified Public Accountants' Audit Report

Attn.: Pacific Hospital Supply Co., Ltd.

We have examined the accompanying balance sheet of Pacific Hospital Supply Co., Ltd. as of December 31, 2008 and 2007 and related income statement, the change in shareholders' equity and cash flow statement for the periods starting from January 1 until December 31, 2008 and 2007. The management of the Company is responsible for preparing for the aforementioned financial statements while we are responsible for offering opinions on the aforementioned financial statements.

Our examinations were made in accordance with the Rules Governing Certification of Financial Statements by a Certified Public Accountant and Generally Accepted Auditing Principles to make sure of any major misrepresentation of the financial statements. Our auditing includes random sample checks of the amounts shown on the financial statements and the disclosed evidence. In turn, we evaluated the accounting principles and major accounting estimation adopted by the management in preparing for the financial statements to evaluate the overall expression of the financial statements. We believe such auditing would provide reasonable grounds on the opinions so provided.

In our opinion, the major issues of the financial statements mentioned in Paragraph I prove to have been worked out in accordance with Rules Governing Certification of Financial Statements of Securities Issuers by a Certified Public Accountant, Commercial Accounting Law and Generally Accepted Accounting Principles, presenting fairly the financial position of Pacific Hospital Supply Co., Ltd. as of December 31, 2008 and 2007 and the results of its operation and its cash flow for the periods starting from January 1 until December 31, 2008 and 2007.

The itemized statement of Financial Statements of Pacific Hospital Supply Co., Ltd. of Year 2008 are primarily provided for the purposes of supplementary analyses and have been duly audited by the Undersigned Certified Public Accountants in the auditing procedures set forth in Paragraph II. In our opinion, the major issues contained in the said itemized statement present information consistent with the financial statements mentioned in Paragraph I.

The Consolidated Financial Statements of Pacific Hospital Supply Co., Ltd. and its subsidiaries for Years 2008 and 2007 have been duly audited by the Undersigned Certified Public Accountants with Audit Report duly issued on February 5, 2009 for reference.

Deloitte Touche Tohmatsu International
Certified Public Accountants
Certified Public Accountant Chang Jui-na

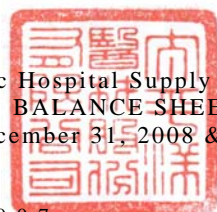
Certified Public Accountant Chen Chao-min

Code of Approval Granted by Securities and
Futures Commission, Ministry of Finance
Tai-Tsai-Cheng-VI-Tze 0920123784

Code of Approval Granted by Securities and
Futures Commission, Ministry of Finance
Tai-Tsai-Cheng-VI-Tze 0920123784

February 5, 2009

Pacific Hospital Supply Co., Ltd.
BALANCE SHEET
December 31, 2008 & 2007



Expressed in Thousand NT Dollars, but in New Taiwan Dollars in par value

C o d e	Assets	D e c e m b e r 3 1 , 2 0 0 8		D e c e m b e r 3 1 , 2 0 0 7		C o d e	Liabilities & shareholders' equity	D e c e m b e r 3 1 , 2 0 0 8		D e c e m b e r 3 1 , 2 0 0 7	
		A m o u n t	%	A m o u n t	%			A m o u n t	%	A m o u n t	%
	Current assets						Current liabilities				
1100	Cash & cash equivalents (*Notes 2 & 4)	\$ 497,557	41	\$ 185,279		2100	Short-term bank loan (*Note 11)	\$ -		\$ 10,000	
1120	Notes receivable—net amount (*Notes II. 5 & 6)	24,954	2	29,806		2120	Notes payable	32,950	3	29,576	
1140	Accounts receivable—net amount (*Notes 2 & 6)	114,067	9	94,805		2140	Accounts payable	59,318	5	66,606	
1178	Other receivables—net amount (*Notes 2 & 6)	5,688	-	6,010		2160	Income tax payable (*Notes 2 & 15)	5,749	-	4,157	
1200	Inventory—net amount (*Notes 2 & 7)	153,884	13	150,518		2170	Accrued expenses payable	69,606	6	55,580	
1240	Construction-in-progress — net amount (*Notes 2 & 8)	9,682	1	25,539		2180	Financial liabilities with change in fair values counted into profit & loss—current (*Notes 2 & 12)	90,718	7	-	
1286	Deferred income tax assets—current (*Notes 2 & 15)	8,960	1	18,403		2261	Payments receivable	31,337	3	21,850	
1291	Assets subject to restriction—current (*Notes 4 & 19)	405	-	8,885		2264YY	Construction payments received in advance—net amount (*Notes 7 & 8)	3,400	-	3,372	
1298	Advance payment and other current assets	9,098	1	6,186		2298	Other current liabilities	19,632	2	1,927	
11XX	Total current assets	824,295	68	525,431		21XX	Total current liabilities	312,710	26	193,068	
1421	Long-term equity investment evaluated in equity method (*Notes 2 & 9)	6,776	1	7,847		2410	Corporate bonds payable (*Notes 2 & 12)	152,236	12	-	
	Fixed assets (*Notes II. 10 & 19)						Other liabilities				
	Costs					2810	Pension liabilities accountable (*Notes 2 & 13)	21,298	2	15,567	
1501	Land	72,842	6	11,638		2820	Guarantee deposits received	30	-	30	
1521	Buildings & construction	167,324	14	167,052		28XX	Total other liabilities	21,328	2	15,597	
1531	Machinery & equipment	174,866	14	184,677		2XXX	Total liabilities	486,274		208,665	
1551	Transportation equipment	9,463		9,463			Shareholders' equity				
1631	Leasehold improvement	16,224		16,128		3110	Share capital — At NT\$10 par value, 60,000,000 shares as authorized, with 48,000,000 shares in 2008 and 41,815,000 shares issued in 2007	480,000		418,153	
1681	Other equipment	84,881		74,378		32XX	Capital reserve—Premium in stock issuance	64,859		64,858	
15X1	Total costs	525,600		463,336			Retained earnings				
15X9	Decrease: Accumulated depreciation	185,497		171,512		3310	Legal reserve	42,729		31,005	
1671	Incomplete constructions	340,103		291,824		3350	Unappropriated retained earnings	143,526		123,219	
1672	Equipment paid in advance	20,540		-		33XX	Total retained earnings	186,255		154,224	
15XX	Fixed assets, net	2,962		3,436		3430	Net loss in unrecognized pension costs	(6,852)		(757)	
1770	Deferred pension costs (*Notes 2 & 13)	6,557		7,153		3XXX	Shareholders' equity, net	724,262		636,478	
	Other assets										
1820	Security deposits paid and refundable (*Note 18)	5,704		6,281							
1830	Deferred expenses (*Note 2)	1,627		1,257							
1848	Overdue receivables—net amount (*Notes 2 & 6)	-		-							

1860	Deferred income tax assets — non-current (*Notes 2 &15)					
		1,972	1,914			
18XX	Total other assets	<u>9,303</u>	9,452			
1XXX	Total assets	<u>\$ 1,210,536</u>	<u>\$ 845,143</u>	Total Liabilities & shareholders' equity	<u>\$ 1,210,536</u>	<u>\$ 845,143</u>

Please refer to the Notes to Financial Statements annexed hereto, which form an integral part of the Financial Statements.

Chairman: Lee Yuan-yung General Manager : Chung Jen Accounting Department Director: Lee Chia-mao



Pacific Hospital Supply Co., Ltd.
INCOME STATEMENT

January 1~December 31, 2008 & 2007

Expressed in Thousand NT Dollars, but in New Taiwan Dollars in earnings per share
(EPS)

Code	Y e a r 2 0 0 8		Y e a r 2 0 0 7	
	A m o u n t	%	A m o u n t	%
	Operating revenues (*Notes 2 & 18)			
4110	\$ 887,576		\$ 719,747	
4170	Less: Sales return and allowance		(7,270)	()
4100	Sales revenues, net	880,255 92	712,477	
4500	Medical construction revenues	70,564 7	112,090	
4600	Service fee revenues	10,087 1	8,280	
4000	Operating revenues, net	960,906 100	832,847	
	Operating costs (*Notes 2 & 16)			
5110	Sales costs	578,166 60	508,427	
5500	Medical construction costs	56,714 6	76,814	
5600	Labor service costs	6,564 =	6,734	
5000	Total operating costs	641,444 66	591,975	
5910	Gross operating profits	319,462 34	240,872	
	Operating expenses (*Notes 16 & 18)			
6100	Sales promotion expenses	64,482 7	55,453	
6200	Management and general expenses	58,152	60,817	
6300	R&D expenses	19,463	15,002	
6000	Total operating expenses	142,097	131,272	

6900	Net operating profit	<u>177,365</u>	<u>109,600</u>
	Nonoperating revenues and benefits		
7110	Revenues as interest	1,990	1,906
7130	Gain from disposal of fixed assets	293	601
7160	Foreign exchange benefit — net amount	18,707	7,416
7220	Revenues from scrap & waste sales	1,018	1,275
7250	Benefit from restored bad debts	3,705	-
7480	Other revenues	<u>4,314</u>	<u>4,075</u>
7100	Total nonoperating revenues and	<u>30,027</u>	<u>15,273</u>

(Carry forward)

(Brought forward)

Code		Y e a r 2 0 0 8		Y e a r 2 0 0 7	
		A m o u n t	%	A m o u n t	%
	Nonoperating expenses and losses				
7510	Interest expenses (*Note 12)	\$ 1,735	-	\$ 1,307	-
7521	Loss in investment recognized in equity method (*Note 9)	1,072	-	231	-
7650	Loss in evaluation of financial liabilities (*Notes 12 & 21)	38,388	4	-	-
7530	Loss in fixed assets disposal	4,099	-	243	-
7540	Loss in investment disposal	-	-	15	-
7550	Inventory loss – net amount	-	-	28	-
7570	Loss in inventory price drop and standstill	292	-	4,400	1
7880	Other losses				
		<u>4,619</u>	<u>1</u>	<u>180</u>	<u>-</u>
7500	Total nonoperating expenses and losses	<u>50,205</u>	<u>5</u>	<u>6,404</u>	<u>1</u>
7900	Net profit before tax	157,187	17	118,469	14
8110	Income tax expenses (*Notes 2 & 15)	<u>26,052</u>	<u>3</u>	<u>1,225</u>	<u>-</u>
9600	Net profit this term	<u>\$ 131,135</u>	<u>14</u>	<u>\$ 117,244</u>	<u>14</u>
Code		Before-tax	After-tax	Before-tax	After-tax

Earnings per share (EPS) (*Note 17)					
9750	Basic earnings per share (EPS)	<u>3.27</u>	<u>2.73</u>	<u>2.48</u>	<u>2.45</u>
9850	Diluted earnings per share (EPS)	<u>3.24</u>	<u>2.70</u>	<u>2.48</u>	<u>2.45</u>

Please refer to the Notes to Financial Statements annexed hereto, which form an integral part of the Financial Statements.

Chairman: Lee Yuan-yung
 Director: Lee Chia-mao



General Manager: Chung Jen Accounting



Department



Pacific Hospital Supply Co., Ltd.
Change in Shareholders' Equity
 January 1~December 31, 2008 & 2007



Expressed in Thousand NT Dollars, but New Taiwan Dollars in amount per share

	Common share capital		Capital reserve— Premium in stock issuance	Retained earning (*Note II. 14 and 15)			Net loss as unrecognized pension costs	Shareholders' equity, net
	Number of shares (In thousand shares)	A m o u n t \$	(*Note 14) \$	Legal reserve \$	Unappropriated retained earnings \$	Total \$	(*Note 13) \$	
Balance as of January 1, 2007	41,443	414,430	64,826	23,133	86,760	109,893	\$ -	589,149
Earning allocated in 2006								
Legal reserve	-	-	-	7,872	(7,872)	-	-	-
Dividend paid in cash—NT\$1.5 per share	-	-	-	-	(62,363)	(62,363)	-	(62,363)
Remuneration to directors and supervisors	-	-	-	-	(1,050)	(1,050)	-	(1,050)
Bonus to employees	-	-	-	-	(9,500)	(9,500)	-	(9,500)
Exercise of employee stock option certificates to issue new shares	372	3,723	32	-	-	-	-	3,755
Year 2007 net profit	-	-	-	-	117,244	117,244	-	117,244
Change in unacknowledged loss in pension costs	-	-	-	-	-	-	(757)	(757)
December 31, 2007 balance	41,815	418,153	64,858	31,005	123,219	154,224	(757)	636,478
Year 2007 earning allocation								
Legal reserve	-	-	-	11,724	(11,724)	-	-	-
Dividend paid in cash—NT\$0.8 per share	-	-	-	-	(33,463)	(33,463)	-	(33,463)
Dividend paid in stocks—NT\$1.22 per share	5,111	51,111	-	-	(51,111)	(51,111)	-	-
Remuneration to directors and supervisors	-	-	-	-	(1,280)	(1,280)	-	(1,280)
Bonus to employees (Including NT\$10.6 million as stock bonus)	1,060	10,600	-	-	(13,250)	(13,250)	-	(2,650)
Exercise of employee stock option certificates to issue new shares	14	136	1	-	-	-	-	137

Year 2008 net profit	-	-	-	-	131,135	131,135	-	131,135
Change in unacknowledged loss in pension costs	-	-	-	-	-	-	(6,095)	(6,095)
December 31, 2008 balance	<u>48,000</u>	<u>\$ 480,000</u>	<u>\$ 64,859</u>	<u>\$ 42,729</u>	<u>\$ 143,526</u>	<u>\$ 186,255</u>	<u>(\$ 6,852)</u>	<u>\$ 724,262</u>

Please refer to the Notes to Financial Statements annexed hereto, which form an integral part of the Financial Statements.

Chairman: Lee Yuan-yung General Manager : Chung Jen Accounting Department Director: Lee Chia-mao



Pacific Hospital Supply Co., Ltd.
CASH FLOW STATEMENT
January 1~December 31, 2008 & 2007



Expressed in Thousand NT Dollars

	Year 2008	Year 2007
Cash flow in operating activities		
Net profit this term	\$ 131,135	\$ 117,244
Depreciation & amortization	33,626	32,829
Loss in bad debts (returned benefits)	(3,705)	6,651
Loss in inventory price drop and standstill	292	4,400
Loss in retired inventory	4,619	-
Loss in investment disposal	-	15
Loss in investment recognized in equity method	1,072	231
Allowance amortization of corporate bonds payable	1,183	-
Net loss (gain) in fixed assets disposal	3,806	(358)
Loss in evaluation of financial liabilities	38,388	-
Deferred income tax	9,385	(11,002)
Amount of net pension costs under-(over-) appropriated this term	232	(298)
Net change in operating assets and liabilities		
Notes receivable	4,642	(3,344)
Accounts receivable	(17,872)	306
Other receivables	459	(1,754)
Inventory — net amount	(8,277)	(15,344)
Construction-in-progress	15,857	(10,097)
Advance payment and other current assets	(2,912)	(2,415)
Overdue receivables	2,388	(2,744)
Notes payable	3,374	(41,344)
Accounts payable	(7,288)	33,846
Income tax payable	1,592	(8,900)

Accrued expenses payable	14,026	8,966
Payments receivable	9,487	5,187
Construction payments received in advance	28	(2,770)
Other current liabilities		(3,404)
	<u>17,705</u>	<u>3,404</u>
Net cash inflow of operating activities	<u>253,242</u>	<u>105,901</u>
Cash flow in investment activities		
Increase in long-term equity investment evaluated in equity method	(1)	-
Proceeds from disposing long-term equity investment evaluated in equity method	-	140
Fixed assets purchase	(105,526)	(60,082)
Proceeds from disposal of fixed assets	\$ 1,427	\$ 1,023
Decrease in security deposits paid and refundable	577	386
Increase in deferred expenses	(2,048)	(1,320)
Decrease (increase) in assets subject to restriction—current	<u>8,480</u>	<u>(1,985)</u>
Net cash outflow of investment activities	<u>(97,091)</u>	<u>(61,838)</u>
Cash flow in financing activities		
Decrease in short-term bank loans	(10,000)	(10,000)
Issuance of convertible corporate bonds	203,383	-
Reimbursement of long-term bank loans	-	(1,855)
Employees' exercise of employee rights in stock option certificates	137	3,755
Allocation of dividend paid in cash	(33,463)	(62,363)
Allocation of remuneration to directors and supervisors and Bonus to employees	<u>(3,930)</u>	<u>(10,550)</u>
Net cash inflow (outflow) of financing activities	<u>156,127</u>	<u>(81,013)</u>
Net increase (decrease) of cash & cash equivalents this term	312,278	(36,950)

Beginning balance of cash & cash equivalents	<u>185,279</u>	<u>222,229</u>
Ending balance of cash & cash equivalents	<u>\$ 497,557</u>	<u>\$ 185,279</u>
Supplementary disclosure of cash flow related information		
Interest paid	<u>\$ 571</u>	<u>\$ 1,308</u>
Income tax paid	<u>\$ 15,075</u>	<u>\$ 21,127</u>

Please refer to the Notes to Financial Statements annexed hereto, which form an integral part of the Financial Statements.

Chairman: Lee Yuan-yung
Director: Lee Chia-mao



General Manager : Chung Jen Accounting Department



Certified Public Accountants' Audit Report

Attn.: Pacific Hospital Supply Co., Ltd.

We have examined the accompanying consolidated balance sheet of Pacific Hospital Supply Co., Ltd. & its subsidiaries as of December 31, 2008 and 2007 and related consolidated income statement, the consolidated change in shareholders' equity and consolidated cash flow statement for the periods starting from January 1 until December 31, 2008 and 2007. The management of the Company is responsible for preparing for the aforementioned financial statements while we are responsible for offering opinions on the aforementioned financial statements.

Our examinations were made in accordance with the Rules Governing Certification of Financial Statements by a Certified Public Accountant and Generally Accepted Auditing Principles to make sure of any major misrepresentation of the financial statements. Our auditing includes random sample checks of the amounts shown on the financial statements and the disclosed evidence. In turn, we evaluated the accounting principles and major accounting estimation adopted by the management in preparing for the financial statements to evaluate the overall expression of the financial statements. We believe such auditing would provide reasonable grounds on the opinions so provided.

In our opinion, the major issues of the consolidated financial statements mentioned in Paragraph I prove to have been worked out in accordance with Rules Governing Certification of Financial Statements of Securities Issuers by a Certified Public Accountant, Commercial Accounting Law and Generally Accepted Accounting Principles, presenting fairly the financial position of Pacific Hospital Supply Co., Ltd. & its subsidiaries as of December 31, 2008 and 2007 and the results of its operation and its cash flow for the periods starting from January 1 until December 31, 2008 and 2007.

Deloitte Touche Tohmatsu International
Certified Public Accountants
Certified Public AccountantChang Jui-na

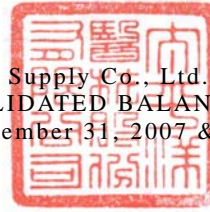
Certified Public AccountantChen Chao-min

Code of Approval Granted by Securities and
Futures Commission, Ministry of Finance
Tai-Tsai-Cheng-VI-Tze 0920123784

Code of Approval Granted by Securities and
Futures Commission, Ministry of Finance
Tai-Tsai-Cheng-VI-Tze 0920123784

February 5, 2009

Pacific Hospital Supply Co., Ltd. & Its Subsidiaries
CONSOLIDATED BALANCE SHEET
December 31, 2007 & 2008



Expressed in Thousand NT Dollars, but in New Taiwan Dollars in par value

C o d e	Assets	December 31, 2008		December 31, 2007		C o d e	Liabilities & shareholders' equity	December 31, 2008		December 31, 2007	
		A m o u n t	%	A m o u n t	%			A m o u n t	%	A m o u n t	%
	Current assets						Current liabilities				
1100		\$		\$						\$	
	Cash & cash equivalents (*Notes 2 & 4)	504,289	42	192,415	23	2100	Short-term bank loan (*Note 10)	\$ -	-	10,000	1
1120	Notes receivable — net amount (*Notes II. 2 & 6)	24,954	2	29,806	3	2120	Notes payable	32,950	3	29,576	4
1140	Accounts receivable — net amount (*Notes 2 & 6)	114,067	9	94,805	11	2140	Accounts payable	59,318	5	66,606	8
1178	Other receivables — net amount (*Notes 2 & 6)	5,707	-	6,027	1	2160	Income tax payable (*Notes 2 & 14)	5,749	-	4,157	-
1200						2170	Accrued expenses payable	69,617	6	55,674	7
1240	Inventory — net amount (*Notes 2 & 7)	153,884	13	150,518	18	2180	Financial liabilities with change in fair values counted into profit & loss —				
1286	Construction-in-progress — net amount (*Notes 2 & 8)	9,682	1	25,539	3		Current (*Notes 2 & 11)	90,718	7	-	-
	Deferred income tax assets — current (*Notes 2 & 14)					2261	Payments receivable	31,337	3	21,850	3
1291)	8,960	1	19,103	2	2264YY	Construction payments received in advance — net amount (*Notes 2 & 8)	3,400	-	3,372	-
1298	Assets subject to restriction — current (*Notes 4 & 18)	405	-	8,885	1	2298	Other current liabilities	19,648	2	1,927	-
11XX	Advance payment and the current assets	9,150	1	6,255	1	21XX	Total current liabilities	312,737	26	193,162	23
	Total current assets	831,098	69	533,353	63						
	Fixed assets (*Notes II. 9 & 18)					2410	Corporate bonds payable (*Notes 2 & 11)	152,236	12	-	-
	Costs						Other liabilities				
1501							Pension liabilities accountable (*Notes 2 & 12)	21,298	2	15,567	2
1521	Land	72,842	6	11,638	1	2820	Guarantee deposits received	30	-	30	-
1531	Buildings & constructions	167,324	14	167,052	20	28XX	Total other liabilities	21,328	2	15,597	2
1551	Machinery & equipment	174,866	14	184,677	22						
1631	Transportation equipment	9,463	1	9,463	1						
	Leasehold improvement	16,224	1	16,128	2						



Pacific Hospital Supply Co., Ltd. & Its Subsidiaries
CONSOLIDATED INCOME STATEMENT
January 1~December 31, 2008 & 2007
Expressed in Thousand NT Dollars, but in New Taiwan Dollars in consolidated
earnings per share (EPS)

Code		Y e a r 2 0 0 8		Y e a r 2 0 0 7	
		A m o u n t	%	A m o u n t	%
	Operating revenues (*Note 2)				
4110	Sales revenues	\$		\$	
		887,576	93	719,747	87
4170	Less: Sales return and allowance	((((
		7,321	1	7,270	1
4100	Sales revenues, net				
		880,255	92	712,477	86
4500	Medical construction revenues				
		70,578	7	112,090	13
4600	Service fee revenues				
		10,087	1	8,280	1
4000	Operating revenues, net				
		960,920	10	832,847	10
			0		0
	Operating costs (*Notes 2 & 15)				
5110	Sales costs				
		578,166	60	508,427	61
5500	Medical construction costs				
		56,714	6	76,814	9
5600	Labor service costs				
		6,564	-	6,734	1
5000	Total operating costs				
		641,444	66	591,975	71
5910	Gross operating profits				
		319,476	34	240,872	29

	Operating expenses (*Notes 15 & 17)				
6100	Sales promotion expenses				
		64,482	7	55,453	7
6200	Management and general expenses				
		58,599	6	61,116	7
6300	R&D expenses				
		<u>19,463</u>	<u>2</u>	<u>15,002</u>	<u>2</u>
6000	Total operating expenses	<u>142,544</u>	<u>15</u>	<u>131,571</u>	<u>16</u>
6900	Net operating profit	<u>176,932</u>	<u>19</u>	<u>109,301</u>	<u>13</u>
	Nonoperating revenues and benefits				
7110	Revenues as interest				
		2,070	-	1,974	-
7130	Gain from disposing fixed assets				
		293	-	601	-
7160	Foreign exchange benefit — net amount				
		18,707	2	7,416	1
7220	Revenues from scrap & waste sales				
		1,018	-	1,275	-
7250	Benefit from restored bad debts				
		3,705	-	-	-
7480	Other revenues				
		<u>4,314</u>	<u>1</u>	<u>4,075</u>	<u>1</u>
7100	Total nonoperating revenues and benefits	<u>30,107</u>	<u>3</u>	<u>15,341</u>	<u>2</u>
	(Carry forward)				

(Brought forward)

Code		Y e a r 2 0 0 8		Y e a r 2 0 0 7	
		A m o u n t	%	A m o u n t	%
	Nonoperating expenses and losses				
7510	Interest expenses	\$ 1,735	-	\$ 1,307	-
7650	Loss in evaluation of financial liabilities (*Notes 11 & 20)	38,388	4	-	-
7530	Loss in disposing of fixed assets	4,099	-	243	-
7540	Loss in investment disposal	-	-	15	-
7550	Inventory loss – net amount	-	-	28	-
7570	Loss in inventory price drop and standstill	292	-	4,400	1
7880	Other losses	<u>4,638</u>	<u>1</u>	<u>180</u>	<u>-</u>
7500	Total nonoperating expenses and losses	<u>49,152</u>	<u>5</u>	<u>6,173</u>	<u>1</u>
7900	Net profit before tax	157,887	17	118,469	14
8110	Income tax expenses (*Notes 2 & 14)	<u>26,752</u>	<u>3</u>	<u>1,225</u>	<u>-</u>
9600	Consolidated overall profits	<u>\$ 131,135</u>	<u>14</u>	<u>\$ 117,244</u>	<u>14</u>

Classified to:

9601	Minor shareholding equity				
		\$		\$	
		131,135	14	117,244	14
9602	Parent company				
		-	-	-	-
		\$		\$	
		<u>131,135</u>	<u>14</u>	<u>117,244</u>	<u>14</u>
<u>Code</u>		<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>	<u>After tax</u>
	Consolidated earnings per share (EPS) (*Note 16)				
9750	Basic consolidated earnings per share (EPS)	\$ <u>3.29</u>	\$ <u>2.73</u>	\$ <u>2.48</u>	\$ <u>2.45</u>
9850	Diluted consolidated earnings per share (EPS)	\$ <u>3.26</u>	\$ <u>2.70</u>	\$ <u>2.48</u>	\$ <u>2.45</u>

Please refer to the Notes to Financial Statements annexed hereto, which form an integral part of the Financial Statements.

Chairman: Lee Yuan-yung General Manager: Chung Jen Accounting Department
 Director: Lee Chia-mao






 Pacific Hospital Supply Co., Ltd. & Its Subsidiaries
 CONSOLIDATED CHANGE IN SHAREHOLDERS' EQUITY
 January 1~December 31, 2008 & 2007

Expressed in Thousand NT Dollars, but in New Taiwan Dollars for amount per share

	<u>Outstanding share capital</u>		Capital reserve – Premium in stock i s s u a n c e	<u>Retained earning (*Note II. 13 and 14)</u>			Net loss as unrecognized pension cost	<u>Shareholders' equity, net</u>
	<u>Number of shares (In thousand s h a r e s)</u>	<u>A m o u n t</u>	<u>(*Note 13)</u>	<u>Legal reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total</u>	<u>(*Note 12)</u>	
		\$	\$	\$	\$	\$	\$	\$
Balance as of January 1, 2007	41,443	414,430	64,826	23,133	86,760	109,893	\$ -	589,149
Earning allocated in 2006								
Legal reserve	-	-	-	7,872	(7,872)	-	-	-
Dividend paid in cash – NT\$1.5 per share	-	-	-	-	(62,363)	(62,363)	-	(62,363)
Remuneration to directors and supervisors	-	-	-	-	(1,050)	(1,050)	-	(1,050)
Bonus to employees	-	-	-	-	(9,500)	(9,500)	-	(9,500)
Exercise of employee stock option certificates to issue new shares	372	3,723	32	-	-	-	-	3,755
Year 2007 Consolidated overall profits	-	-	-	-	117,244	117,244	-	117,244
Change in unacknowledged loss in pension costs	-	-	-	-	-	-	(757)	(757)
December 31, 2007 balance	41,815	418,153	64,858	31,005	123,219	154,224	(757)	636,478
Year 2007 earning allocation								
Legal reserve	-	-	-	11,724	(11,724)	-	-	-
Dividend paid in cash – NT\$0.8 per share	-	-	-	-	(33,463)	(33,463)	-	(33,463)
Dividend paid in stocks – NT\$1.22 per share	5,111	51,111	-	-	(51,111)	(51,111)	-	-
Remuneration to directors and supervisors	-	-	-	-	(1,280)	(1,280)	-	(1,280)
Bonus to employees (Including NT\$10.6 million as stock bonus)	1,060	10,600	-	-	(13,250)	(13,250)	-	(2,650)
Exercise of employee stock option certificates to issue new shares	14	136	1	-	-	-	-	137
Year 2008 Consolidated overall profits	-	-	-	-	131,135	131,135	-	131,135

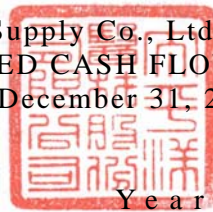
Change in unacknowledged loss in pension costs	-	-	-	-	-	-	(6,095)	(6,095)
December 31, 2008 balance	<u>48,000</u>	<u>\$ 480,000</u>	<u>\$ 64,859</u>	<u>\$ 42,729</u>	<u>\$ 143,526</u>	<u>\$ 186,255</u>	<u>(\$ 6,852)</u>	<u>\$ 724,262</u>

Please refer to the Notes to Financial Statements annexed hereto, which form an integral part of the Financial Statements.

Chairman: Lee Yuan-
 General Manager : Chung Jen
 Accounting Department Director: Lee Chia-mao



Pacific Hospital Supply Co., Ltd. & Its Subsidiaries
CONSOLIDATED CASH FLOW STATEMENT
 January 1~December 31, 2008 & 2007



Expressed in Thousand NT Dollars

	Year 2008	Year 2007
Cash flow in operating activities		
Consolidated overall profits	\$ 131,135	\$ 117,244
Depreciation & amortization	33,626	32,829
Loss in bad debts (returned benefits)	(3,705)	6,651
Loss in inventory price drop and standstill	292	4,400
Loss in retired inventory	4,619	-
Allowance amortization of corporate bonds payable	1,183	-
Net loss (gain) in fixed assets disposal	3,806	(358)
Loss in evaluation of financial liabilities	38,388	-
Deferred income tax	10,085	(11,002)
Amount of net pension costs under-(over-) appropriated this term	232	(298)
Net change in operating assets and liabilities		
Notes receivable	4,642	(3,344)
Accounts receivable	(17,872)	306
Other receivables	457	(1,771)
Inventory	(8,277)	(15,344)
Construction-in-progress	15,857	(10,097)
Advance payment and other current assets	(2,895)	(2,383)
Overdue receivables	2,388	(2,744)
Notes payable	3,374	(41,344)
Accounts payable	(7,288)	33,846
Income tax payable	1,592	(8,900)
Accrued expenses payable	13,943	8,972
Payments receivable	9,487	5,187
Construction payments received in advance	28	(2,770)
Other current liabilities	(17,721)	(3,404)
	17,721	3,404

Net cash inflow of operating activities	<u>252,818</u>	<u>105,676</u>
Cash flow in investment activities		
Fixed assets purchase	(105,526)	(60,082)
Proceeds of fixed assets disposal	1,427	1,023
Decrease in security deposits paid and refundable	596	595
Increase in deferred expenses	(2,048)	(1,320)
Decrease (Increase) in assets subject to restriction – current	<u>8,480</u>	<u>(1,985)</u>
Net cash outflow of investment activities	<u>(97,071)</u>	<u>(61,769)</u>
Cash flow in financing activities		
Decrease in short-term bank loans	(\$ 10,000)	(\$ 10,000)
Issuance of convertible corporate bonds	203,383	-
Reimbursement of long-term bank loans	-	(1,855)
Employees' exercise of employee rights in stock option certificates	137	3,755
Allocation of dividend paid in cash	(33,463)	(62,363)
Allocation of remuneration to directors and supervisors and Bonus to employees	<u>(3,930)</u>	<u>(10,550)</u>
Net cash inflow (outflow) of financing activities	<u>156,127</u>	<u>(81,013)</u>
Net increase (decrease) in cash & cash equivalents this term	311,874	(37,106)
Beginning balance of cash & cash equivalents	<u>192,415</u>	<u>229,521</u>
Ending balance of cash & cash equivalents	<u>\$ 504,289</u>	<u>\$ 192,415</u>
Supplementary disclosure of cash flow related information		
Interest paid	<u>\$ 571</u>	<u>\$ 1,308</u>
Income tax paid	<u>\$ 15,075</u>	<u>\$ 21,127</u>

Please refer to the Notes to Financial Statements annexed hereto, which form an integral part of the Financial Statements.

Chairman: Lee Yuan-yung (Affixed with seal)

General Manager : Chung Jen (Affixed with seal)

Accounting Department Director: Lee Chia-mao (Affixed with seal)

Pacific Hospital Supply Co., Ltd.
Allocation of Earnings



Appendix VI
Expressed in NT Dollars

Descriptions	Amount	Remarks
Beginning unappropriated retained earnings	12,390,590	
Add: Net profit after tax this term	131,135,077	
Less: Legal reserve 10% appropriated	(13,113,508)	
Earning allocable this term	130,412,159	
Contents of allocation		
Bonus to shareholders NT\$2.22973034 per share *1		
(Cash dividend NT\$1.52027059 per share)	(74,000,000)	
(Stock dividend NT\$0.70945975 per share)	(34,533,340)	
I.e., 70.945975 per thousand shares)		
Ending unappropriated retained earnings	21,878,819	
Remarks:		
Remuneration to directors and supervisors	(1,440,000)	
Bonus to employees (payable in cash)	(15,700,000)	

*I: In the event that a holder of Second Issue of Domestic Collateralized Convertible Corporate Bonds of Pacific Hospital Supply Co., Ltd. exercises the right of conversion prior to the base (reference) date for stock or dividend allocation and, as a result, affects the number of the Company's outstanding shares and, in turn, the amount of stock or dividend allocation to shareholders changes, it is proposed that the regular meeting of shareholders authorize the board of directors with full powers to take charge of the issues as appropriate.

*II. Regarding the remuneration to directors and supervisors and bonus to employees, it is proposed that NT\$1,440,000 shall be allocated as remuneration to directors and supervisors, NT\$15,700,000 as bonus to employees, NT\$108,533,340 as bonus to shareholders. Among them, the remuneration to directors and supervisors and bonus to employees shall be paid in cash. In accordance with the Articles of Incorporation, the Company is to reserve NT\$13,113,508 as legal reserve. The remuneration to directors and supervisors accounts for 1.15% of the grand total of bonus to employees, bonus to shareholders and remuneration to directors and supervisors. The bonus to employees accounts for 12.49% of the grand total of bonus to employees, bonus to shareholders and remuneration to directors and supervisors.

*III. The earnings per share (EPS) after allocation of bonus to employees and remuneration to directors and supervisors is set at: NT\$2.73.

*IV. In the present allocation of earning, the earning of 2008 should be preferentially allocated.

Chairman: Lee Yuan-yung (Affixed with seal)



General Manager : Chung Jen (Affixed with seal)



Accounting Department Director: Lee Chia-mao (Affixed with seal)

[Affixed with the official seal of Pacific Hospital Supply Co., Ltd.]

Pacific Hospital Supply Co., Ltd.
Articles of Incorporation, Contents Before & After Amendment in
Comparison

Pre-amendment content	Post-amendment content	Descriptions
<p>Article II The Company shall engage in the following business lines:</p> <p>I. CF01011 Medical treatment device manufacture.</p> <p>II. F108031 Medical treatment device wholesale.</p> <p>III. F208031 Medical treatment device retail.</p> <p>IV. E601010 Electric appliance undertaking.</p> <p>V. E601020 Electric appliance installation.</p> <p>VI. EZ05010 Instrument, panel installation engineering.</p> <p>VII. F401010 International trade.</p> <p>VIII. I103060 Management consultation services.</p> <p>IX. CE01010 General instrument manufacture.</p> <p>X. CE01990 Other optical & precise instrument manufacture</p> <p>XI. F113030 Precise instrument wholesale.</p> <p>XII. F213040 Precise instrument retail.</p> <p>XIII. E801010 Interior decoration business.</p> <p>XIV. E603080 Automatic control equipment engineering business.</p> <p>XV. E603090 Lighting equipment installation engineering business.</p> <p>XVI. E604010 Machinery installation engineering business.</p> <p>XVII. CE01021 Measuring instrument manufacture.</p> <p>XIII. F113060 Measuring instrument wholesale.</p> <p>XIX. F213050 Measuring instrument retail.</p> <p>XX. CA02050 Valve & such product manufacture.</p> <p>XXI. CQ01010 Mold manufacture.</p> <p>XXII. The Company may, other than those businesses subject to special permission (franchises), engage in all businesses except those banned or restricted by laws.</p>	<p>Article II The Company shall engage in the following business lines:</p> <p>I. CF01011 Medical treatment device manufacture.</p> <p>II. F108031 Medical treatment device wholesale.</p> <p>III. F208031 Medical treatment device retail.</p> <p>IV. E601010 Electric appliance undertaking.</p> <p>V. E601020 Electric appliance installation.</p> <p>VI. EZ05010 Instrument, panel installation engineering.</p> <p>VII. F401010 International trade.</p> <p>VIII. I103060 Management consultation services.</p> <p>IX. CE01010 General instrument manufacture.</p> <p>X. CE01990 Other optical & precise instrument manufacture</p> <p>XI. F113030 Precise instrument wholesale.</p> <p>XII. F213040 Precise instrument retail.</p> <p>XIII. E801010 Interior decoration business.</p> <p>XIV. E603080 Automatic control equipment engineering business.</p> <p>XV. E603090 Lighting equipment installation engineering business.</p> <p>XVI. E604010 Machinery installation engineering business.</p> <p>XII. CE01021 Measuring instrument manufacture.</p> <p>XIII. F113060 Measuring instrument wholesale.</p> <p>XIX. F213050 Measuring instrument retail.</p> <p>XX. CA02050 Valve & such product manufacture.</p> <p>XXI. CQ01010 Mold manufacture.</p> <p><u>XXII. E599010 Pipeline engineering business.</u></p> <p><u>XXIII. E603100 Electric welding engineering business</u></p> <p><u>XXIV E605010 Computer equipment installation business.</u></p> <p><u>XXV. F118010 Information software wholesale.</u></p> <p><u>XXVI. F119010 Electronic material wholesale.</u></p> <p>XXII <u>XXVII. ZZ99999 The Company</u></p>	<p>Increase in business lines</p>

Pre-amendment content	Post-amendment content	Descriptions
	<p>may, other than those businesses subject to special permission (franchises), engage in all businesses except those banned or restricted by laws.</p>	
<p>Article VI The Company has total capital amounting to Six Hundred Million New Taiwan Dollars, divided into sixty million shares at NT\$10 par value which may be issued in installments.</p> <p>Of the total amount of capital mentioned in the preceding paragraph, a sum NT\$120 million shall be reserved, in 12 million shares at NT\$10 par value, to be reserved for share conversion upon issuance of convertible corporate bonds which shall be issued in installments as resolved in the board of directors.</p>	<p>Article VI The Company has total capital amounting to <u>NT\$486,755,450</u>, divided into <u>NT\$48,755,545</u> shares at NT\$10 par value which may be issued in installments.</p> <p>Of the total amount of capital mentioned in the preceding paragraph, a sum NT\$120 million shall be reserved, in 12 million shares at NT\$10 par value, to be reserved for share conversion upon issuance of convertible corporate bonds which shall be issued in installments as resolved in the board of directors.</p>	<p>An adjustment of the Company's authorized capital.</p>
<p>Article XV The Company has five directors and three supervisors, with a three-year tenure of office, to be elected from among shareholders of disposing capacity, being eligible for reelection. The five aforementioned directors include two independent directors, and three supervisors including one independent supervisor. The supervisors may attend the board of directors meeting to speak their opinions but shall have no voting power in that meeting.</p> <p>The total number of registered shares held by all directors and supervisors shall not be less than the minimum threshold as specified in the "Regulations Governing Audit over and Enforcement of the Percentage Shareholding by Directors and Supervisors of Public Companies" promulgated by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.</p>	<p>Article XV The Company has five directors and three supervisors, with a three-year tenure of office, to be elected from among shareholders of disposing capacity, being eligible for reelection. The five aforementioned directors include two independent directors, and three supervisors including one independent supervisor. The supervisors may attend the board of directors meeting to speak their opinions but shall have no voting power in that meeting.</p> <p>The total number of registered shares held by all directors and supervisors shall not be less than the minimum threshold as specified in the "Regulations Governing Audit over and Enforcement of the Percentage Shareholding by Directors and Supervisors of Public Companies" promulgated by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.</p>	<p>The Company has been officially approved by the GreTai Securities Market ("GTSM") to establish independent supervisor</p>

Pre-amendment content	Post-amendment content	Descriptions
<p>Article XVI</p> <p>The Company’s independent directors shall be elected through the candidate nomination system. The independent directors shall be elected by shareholders out of the list of independent director candidates, named independent director candidates.</p> <p>Matters regarding the professional qualification requirements, shareholding and restriction over moonlighting, identification of the independency, methods to nominate the independent director candidates, exercise of powers, duties and responsibilities and other compliance shall be duly handled in accordance with Securities and Exchange Law and such laws and regulations concerned.</p> <p>The Company’s independent supervisor shall be elected through the candidate nomination system to which the provision set forth in Article 192 of the Company Law is <i>mutatis mutandis</i> applicable.</p>	<p>Article XVI</p> <p>The Company’s independent directors shall be elected through the candidate nomination system. The independent directors shall be elected by shareholders out of the list of independent director candidates, named independent director candidates.</p> <p>Matters regarding the professional qualification requirements, shareholding and restriction over moonlighting, identification of the independency, methods to nominate the independent director candidates, exercise of powers, duties and responsibilities and other compliance shall be duly handled in accordance with Securities and Exchange Law and such laws and regulations concerned.</p> <p>The Company’s independent supervisor shall be elected through the candidate nomination system to which the provision set forth in Article 192 of the Company Law is <i>mutatis mutandis</i> applicable.</p>	<p>The Company has been officially approved by the GreTai Securities Market (“GTSM”) to establish independent supervisor</p>

Pre-amendment content	Post-amendment content	Descriptions
<p>Article XXVI</p> <p>These Articles were duly enacted on June 10, 1977 and were duly amended on February 25, 1983 as the 1st amendment; March 12, 1983 as the 2nd amendment; April 7, 1984 as the 3rd amendment; November 23 1984 as the 4th amendment; November 21, 1985 as the 5th amendment; December 21, 1985 as the 6th amendment; October 21, 1986 as the 7th amendment; May 16, 1987 as the 8th amendment; July 25, 1987 as the 9th amendment; June 4, 1989 as the 10th amendment; July 23, 1992 as the 11th amendment; August 20, 1992 as the 12th amendment; December 16, 1992 as the 13th amendment; July 17, 1994 as the 14th amendment; October 27, 1997 as the 15th amendment; October 6, 1998 as the 16th amendment; January 30, 1999 as the 17th amendment; November 22, 1999 as the 18th amendment; April 25, 2000 as the 19th amendment; November 10, 2000 as the 20th amendment; June 14, 2002 as the 21st amendment; June 23, 2003 as the 22nd amendment; January 12, 2004 as the 23rd amendment; June 16, 2004 as the 24th amendment; June 2, 2005 as the 25th amendment; June 8, 2006 as the 26th amendment; March 7, 2007 as the 27th amendment; June 13, 2007 as the 28th amendment; June 11, 2008 as the 29th amendment</p>	<p>Article XXVI</p> <p>These Articles were duly enacted on June 10, 1977 and were duly amended on February 25, 1983 as the 1st amendment; March 12, 1983 as the 2nd amendment; April 7, 1984 as the 3rd amendment; November 23 1984 as the 4th amendment; November 21, 1985 as the 5th amendment; December 21, 1985 as the 6th amendment; October 21, 1986 as the 7th amendment; May 16, 1987 as the 8th amendment; July 25, 1987 as the 9th amendment; June 4, 1989 as the 10th amendment; July 23, 1992 as the 11th amendment; August 20, 1992 as the 12th amendment; December 16, 1992 as the 13th amendment; July 17, 1994 as the 14th amendment; October 27, 1997 as the 15th amendment; October 6, 1998 as the 16th amendment; January 30, 1999 as the 17th amendment; November 22, 1999 as the 18th amendment; April 25, 2000 as the 19th amendment; November 10, 2000 as the 20th amendment; June 14, 2002 as the 21st amendment; June 23, 2003 as the 22nd amendment; January 12, 2004 as the 23rd amendment; June 16, 2004 as the 24th amendment; June 2, 2005 as the 25th amendment; June 8, 2006 as the 26th amendment; March 7, 2007 as the 27th amendment; June 13, 2007 as the 28th amendment; June 11, 2008 as the 29th amendment and June 10, 2009 as the 30th amendment.</p>	<p>With addition of the time of latest amendment.</p>

Pacific Hospital Supply Co., Ltd.
Chairman: Lee Yuan-yung



Pacific Hospital Supply Co., Ltd.
Regulations Governing Directors and Supervisors Election, Contents
Before & After Amendment in Comparison

Pre-amendment content	Post-amendment content	Descriptions on the amendment
<p>Article V The Company has two independent directors and has one supervisor of independent functions. The independent directors and supervisor of independent functions shall be elected from candidates other than the judicial (corporate) persons set forth in Article 27 of the Company Law or statutory representatives thereof in accordance with the requirements set forth in the “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies”.</p> <p>The Company’s independent directors shall fit the qualifications satisfactory to the requirements set forth in the “Regulations Governing Compliance by Public Companies for Establishment of Independent Directors”.</p> <p>The Company’s independent directors shall be elected in a manner satisfactory to “Regulations Governing Compliance by Public Companies for Establishment of Independent Directors” and also pursuant to the “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies”.</p>	<p>Article V The Company has two independent directors and has one supervisor of independent functions. The independent directors and supervisor of independent functions shall be elected from candidates other than the judicial (corporate) persons set forth in Article 27 of the Company Law or statutory representatives thereof in accordance with the requirements set forth in the “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies”.</p> <p>The Company’s independent directors shall fit the qualifications satisfactory to the requirements set forth in the “Regulations Governing Compliance by Public Companies for Establishment of Independent Directors”.</p> <p>The Company’s independent directors shall be elected in a manner satisfactory to “Regulations Governing Compliance by Public Companies for Establishment of Independent Directors” and also pursuant to the “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies”.</p>	<p>The term for requirements to set up independent supervisor is deleted</p>
<p>Article VI The Company’s board of directors or shareholders who hold more than 1% of the total outstanding shares may provide a list of recommended candidates for next term directors and supervisors as the reference to election of directors and supervisors.</p> <p>The Company’s independent directors and supervisor of independent functions shall be elected through the nomination procedures as set forth in Article 192-1 of the Company Law.</p>	<p>Article VI The Company’s board of directors or shareholders who hold more than 1% of the total outstanding shares may provide a list of recommended candidates for next term directors and supervisors as the reference to election of directors and supervisors.</p> <p>The Company’s independent directors and supervisor of independent functions shall be elected through the nomination procedures as set forth in Article 192-1 of the Company Law.</p>	<p>The term for requirements to set up independent supervisor is deleted</p>

Pacific Hospital Supply Co., Ltd.

Chairman Lee Yuan-yung



Pacific Hospital Supply Co., Ltd.
**Regulations Governing Loaning of Funds to Others, Contents Before &
 After Amendment in Comparison**

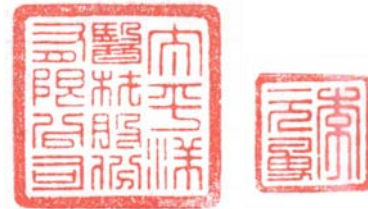
Pre-amendment content	Post-amendment content	Descriptions
<p>Article II: Target applicants for loans: The loanees of a loan extended by the Company shall be a subsidiary or an affiliate extended to an enterprise out of business needs for short-term financing of which the Company directly and indirectly holds more than 50 percent of the shares.</p>	<p>Article II: Target applicants for loans: The loanees of a loan extended by the Company shall be a subsidiary or an affiliate extended to an enterprise out of business needs for short-term financing of which the Company directly and indirectly holds more than 50 percent of the voting shares.</p>	Expressly defines that a loanee should be a firm of which the Company directly and indirectly holds more than 50 percent of the voting shares.
<p>Article III: Criteria to assess others as the targets of loans to be granted: The companies in which the Company directly and indirectly invests more than 50% of shareholding which are in need of short-term financing for material purchase or as working capital. The funds loaned to such a company shall not exceed the maximum of 50% of its net worth as shown through its latest financial statement.</p>	<p>Article III: Criteria to assess others as the targets of loans to be granted: The companies in which the Company directly and indirectly holds over 50% of the voting shares which are in need of short-term financing for material purchase or as working capital. The funds loaned to such a company shall not exceed the maximum of 50% of its net worth as shown through its latest financial statement.</p>	Expressly defines that a loanee should be a firm of which the Company directly and indirectly holds more than 50 percent of the voting shares.
<p>Article VI: Procedures for fund loaning and handling: (I) In case of financing to a subsidiary or affiliate, the Company's Financial Department shall team up with other department(s) concerned to review the indispensability of the loan based on the submitted application (letter) and, after the application passes the review, submit to the board of directors for final decision.. (IV) Where its balance of loaned funds exceeds the limit as a result of changes in condition, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors.</p>	<p>Article VI: Procedures for fund loaning and handling: (I) In case of financing to a firm in which the Company directly and indirectly invests more than 50% of the voting shares, the Company's Financial Department shall team up with other department(s) concerned to review the indispensability of the loan based on the submitted application (letter) and, after the application passes the review, submit to the board of directors for final decision.. (IV) Where its loan balance exceeds the limit or the loanee(s) become(s) inconsistent with the requirements set forth in these Regulations as a result of changes of condition, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors and shall, meanwhile, complete corrective action as scheduled</p>	<p>Expressly defines that a loanee should be a firm in which the Company directly and indirectly holds more than 50 percent of the voting shares. To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>

Pre-amendment content	Post-amendment content	Descriptions
	<u>in the said plans.</u>	
Article VIII: The subsidiaries in which the Company directly or indirectly invests more than 50% of the equity shall not loan their funds to others.	Article VIII: The subsidiaries in which the Company <u>directly or indirectly invests more than 50% of the voting shares</u> shall not loan their funds to others.	It expressly provides that the Company ' s subsidiaries shall not loan their funds to others.
<p>Article XI: Time limit and criteria to make announcement, declaration</p> <p>(I) The Company shall input the balances of funds loaned outward in the preceding month into the Market Observation Post System (MOPS) website designated by the Financial Supervisory Commission, Executive Yuan not later than the 10th of every month..</p> <p>(II) Whenever the balance of funds loaned by the Company meets any of the criteria enumerated below, the Company shall input the balances into the Market Observation Post System (MOPS) website designated by the <u>Financial Supervisory Commission, Executive Yuan</u> within two days starting from occurrence of such fact:</p> <ol style="list-style-type: none"> 1. The balance of the loaned funds reaches 20% or more of the Company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the aggregate balance increases by more than 2 percent of Giga Byte's net worth as stated in its latest financial statement. 2. The balance of the outward loan of the <u>Company</u> to a single enterprise reaches 10 percent or more of the <u>Company's net worth</u> as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the aggregate balance 	<p>Article XI: Time limit and criteria to make announcement, declaration</p> <p>(I) The Company shall input the balances of funds loaned outward in the preceding month into the Market Observation Post System (MOPS) website designated by the <u>competent authority in charge of securities management</u> not later than the 10th of every month.</p> <p>(II) Whenever the balance of funds loaned by the Company meets any of the criteria enumerated below, the Company shall input the balances into the Market Observation Post System (MOPS) website designated by the <u>competent authority in charge of securities management</u> within two days starting from occurrence of such fact.:</p> <ol style="list-style-type: none"> 1. The balance of the loaned funds reaches 20% or more of the Company's net worth as stated in its latest financial statement. 2. The balance of the outward loan of the Company to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement. 3. The amount of newly increased loaned funds of <u>Company reaches NT\$10 million or more or reaches 2% or more of the Company's net worth as stated in its latest financial statement.</u> 	To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

Pre-amendment content	Post-amendment content	Descriptions
<p>increases by more than 2 percent of Company's net worth as stated in its latest financial statement.</p>		
<p>Article XIV: These Regulations shall, after being resolved in the board of directors, be submitted to the supervisors and shareholders' meeting for consent. When these Regulations are submitted to the board of directors for discussion, opinions of various independent directors shall be taken into account. The opinions, both yea and nay and the reasons shall be entered into the minutes of the meeting. In the event that a director objects to records or documented declaration, the Company shall have the documents of such director's objection submitted to the supervisors. The same shall be conducted in case of amendment.</p>	<p>Article XIV: These Regulations shall, after being resolved in the board of directors, be submitted to the supervisors and shareholders' meeting for consent. When these Regulations are submitted to the board of directors for discussion, opinions of various independent directors shall be taken into account. The opinions, both yea and nay and the reasons shall be entered into the minutes of the meeting. In the event that a director objects to records or documented declaration, the Company shall have the documents of such director's objection submitted to the supervisors <u>and to the shareholders' meeting for discussion</u>. The same shall be conducted in case of amendment.</p>	<p>To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>

Pacific Hospital Supply Co., Ltd.

Chairman Lee Yuan-yung



Pacific Hospital Supply Co., Ltd.
Regulations Governing Making of Endorsements/Guarantees , Contents
Before & After Amendment in Comparison

Pre-amendment content	Post-amendment content	Descriptions
<p>Article III: The targets to whom the Company may grant endorsements/guarantees.</p> <p>(I) The Company may grant endorsements/guarantees to the following companies:</p> <ol style="list-style-type: none"> 1. A company in which Company directly holds more than <u>50% of the common shares.</u> 2. An investee in which Company along with its subsidiaries directly hold more than 50% of the common shares in consolidation. 3. Where in the common investment relationship, the respective shareholders grant endorsements/guarantees to the investee <i>pro rata</i> to their shareholding ratios, the endorsements/guarantees may be granted, free of the restriction set forth in the two preceding paragraphs. 	<p>Article III: The targets to whom the Company may grant endorsements/guarantees.</p> <p>(I) A company in which Company <u>directly and indirectly holds more than 50% of the voting shares.</u></p> <p>(II) Where in the common investment relationship, <u>all</u> shareholders grant endorsements/guarantees to the investee <i>pro rata</i> to their shareholding ratios, the endorsements/guarantees may be granted, free of the restriction set forth in the two preceding paragraphs.</p> <p><u>The term "investment" as set forth in the preceding paragraph denotes investment directly by Company itself or through a company in which the Company holds 100% of the voting shares.</u></p>	<p>It expressly regulates the targets for endorsements/guarantees .</p> <p>To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>
<p>Article IV: Policymaking process, level of authorized powers, credit limits: Before endorsements/guarantees are rendered, the potential risks should be duly assessed. The assessment records shall be archived. Collateral should be obtained as necessary. The opinions from the independent directors shall be taken into adequate consideration. The definite opinions, both</p>	<p>Article IV: Policymaking process, level of authorized powers, credit limits: Before endorsements/guarantees are rendered by the Company, assessment should be conducted to make sure that the case is consistent with the requirements set forth in the <u>"Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees</u></p>	<p>To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>

Pre-amendment content	Post-amendment content	Descriptions
<p>yea and nay, and the reasons shall be entered into the minutes of the board of directors meeting. The endorsements/guarantees may be granted after the board of directors resolves a decision to approve. The board of directors may, nevertheless, authorize the Chairman with power to approve within the specified credit limit and to report to the board of directors for retrospective acknowledgement afterward.</p> <p>Where the Company renders endorsements/guarantees, in case of a need to go beyond the maximum limit set forth in these Procedures, the opinions from the independent directors shall be taken into adequate consideration. The definite opinions, both yea and nay, and the reasons shall be entered into the minutes of the board of directors meeting. Subject to approval by the board of directors, with a majority of the total directors jointly guaranteeing in their names for the potential risks and with <u>the limit of excess beyond the limit expressly provided</u>, the issue shall be submitted to the shareholders' meeting for retrospective approval. In the event that the shareholders' meeting disagrees, the part of excess shall be eliminated within the specified time limit set forth in the plan.</p>	<p>by Public Companies” and these Regulations. The case along with the results of assessment conducted in accordance with Article V, Paragraph I of these Regulations should be submitted to the board of directors for deliberation. When the case is discussed by the board of directors, the opinions from the independent directors shall be taken into adequate consideration. The definite opinions, both yea and nay, and the reasons shall be entered into the minutes of the board of directors meeting. The endorsements/guarantees may be granted after the board of directors resolves a decision to approve. The board of directors may, nevertheless, authorize the Chairman with power to approve within the specified credit limit and to report to the board of directors <u>in the closest session</u> for retrospective acknowledgement afterward.</p> <p>Where the Company renders endorsements/guarantees, in case of a need to go beyond the maximum limit set forth in these Procedures <u>which prove consistent with the requirements of these Regulations</u>, the opinions from the independent directors shall be taken into adequate consideration <u>while the board of directors discusses in the meeting</u>. The definite opinions, both yea and nay, and the reasons shall be entered</p>	

Pre-amendment content	Post-amendment content	Descriptions
<p>The total amount, limit, criteria for delegation of authorization by respective levels and amounts of endorsements/guarantees are enumerated below:</p> <p>(I) The total amount of endorsements/guarantees in accumulation shall not exceed 50% or more of Company's net worth as stated in its latest financial statement..</p> <p>(II) The total amount of endorsements/guarantees granted to a single enterprise shall not exceed 50% or more of the endorsed company's net worth as stated in its latest financial statement and 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>(III) The limit of powers bestowed upon the Chairman for approval shall not exceed 10% of the <u>Company's</u> net worth as stated in its latest financial statement. The part in excess of 10% of the Company's paid in capital shall not be approved until approved by the board of directors.</p>	<p>into the minutes of the board of directors meeting. Subject to approval by the board of directors, with a majority of the total directors jointly guaranteeing in their names for the potential risks and with the limit of excess beyond the limit expressly provided, with the <u>Regulations Governing Making of Endorsements/Guarantees</u> duly amended, the issue shall be submitted to the shareholders' meeting for retrospective approval. In the event that the shareholders' meeting disagrees, the part of excess shall be eliminated within the specified time limit set forth in the plan.</p> <p>The total amount, limit, criteria for delegation of authorization by respective levels and amounts of endorsements/guarantees are enumerated below:</p> <p>(I) The total amount of endorsements/guarantees in accumulation shall not exceed 50% or more of Company's net worth as stated in its latest financial statement.</p> <p>(II) The total amount of endorsements/guarantees granted to a single enterprise shall not exceed 50% or more of the endorsed company's net worth as stated in its latest financial statement and 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>(III) The limit of powers</p>	

Pre-amendment content	Post-amendment content	Descriptions
	<p>bestowed upon the Chairman for approval shall not exceed 10% of the Company's net worth as stated in its latest financial statement which <u>shall be submitted to and approved by the board of directors meeting of the closest session retrospectively.</u></p>	
<p>Article V: Procedures of endorsements/guarantees (I) An applicant for endorsements/guarantees shall fill out the "Application for Endorsements/Guarantees" with details of the company name, targets, categories, reasons and amount of endorsements/guarantees and submit the application to the Company's Financial Department. After the application satisfactorily passes the review process, the applicant shall submit to the board of directors for approval and duly act in the manner as resolved by the board of directors. Or the application may be submitted to the Chairman for approval within the authorized powers and shall be submitted to and approved by the board of directors retrospectively. The review procedures shall include: 1. The indispensability and rationality of the subject endorsements/guarantees.</p>	<p>Article V: Procedures of endorsements/guarantees (I) An applicant for endorsements/guarantees shall fill out the "Application for Endorsements/Guarantees" with details of the company name, targets, categories, reasons and amount of endorsements/guarantees and submit the application to the Company. After the application satisfactorily passes the review process, the applicant shall submit to the board of directors for approval and duly act in the manner as resolved by the board of directors. Or the application may be submitted to the Chairman for approval within the authorized powers and shall be submitted to and approved by the board of directors meeting <u>of the closest session retrospectively.</u> The review procedures shall include: 1. The indispensability and rationality of the subject endorsements/guarantees.</p>	<p>To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>

Pre-amendment content	Post-amendment content	Descriptions
<p>2. Credit investigation and risk assessment over the endorsements/guarantees targets.</p> <p>3. The influence upon the Company's operating risks, financial standing and shareholders' equity.</p> <p>4. Whether collateral or the assessed value of the collateral should be obtained.</p> <p>(II) On matters regarding endorsements/guarantees, the Company's Financial Department shall establish record books to bear targets of endorsements/guarantees, amounts, dates to approve by the board of directors or the date resolved by the Chairman, dates of endorsements/guarantees and the review procedures pursuant to the preceding paragraph.</p> <p>(III) Where the loan balance exceeds the limit or the loanee(s) become(s) inconsistent with the requirements set forth in these Regulations as a result of changes of condition, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors.</p>	<p>2. Credit investigation and risk assessment over the endorsements/guarantees targets.</p> <p>3. The influence upon the Company's operating risks, financial standing and shareholders' equity.</p> <p>4. Whether collateral or the assessed value of the collateral should be obtained.</p> <p>(II) On matters regarding endorsements/guarantees, the Company shall establish record books to bear targets of endorsements/guarantees, amounts, dates to approve by the board of directors or the date resolved by the Chairman, dates of endorsements/guarantees and the review procedures pursuant to the preceding paragraph.</p> <p>(III) Where the loan balance exceeds the limit or the loanee(s) become(s) inconsistent <u>with the requirements set forth in these Regulations</u> as a result of changes of condition, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors and shall, meanwhile, <u>complete corrective action as scheduled in the said plans.</u></p>	
<p>Article VII: A subsidiary in which Company <u>directly and indirectly invests more than 50% of the equity</u> shall not grant any</p>	<p>Article VII: A subsidiary in which Company <u>directly and indirectly holds more than 50% of the voting shares</u> shall not grant any</p>	<p>It expressly regulates the Company's subsidiaries shall not grant any endorsement/guarantee acts externally.</p>

Pre-amendment content	Post-amendment content	Descriptions
endorsement/guarantee acts externally.	endorsement/guarantee acts externally.	
<p>Article VIII: Time limit and criteria to make public announcement, declaration:</p> <p>(I) The Company shall input the balances into the Market Observation Post System (MOPS) website designated by the <u>Financial Supervisory Yuan</u> within two days starting from occurrence of such fact not later than 10th of every month.</p> <p>(II) The Company's Financial Department shall, on a monthly basis, make public announcement and declaration of the balance of endorsements/guarantees based on the specified time limit and forms. Besides, Whenever the balance of funds loaned by the Company meets any of the criteria enumerated below, the Company shall input the balances into the Market Observation Post System (MOPS) website designated by the <u>Financial Supervisory Yuan</u> within two days starting from occurrence of such fact:</p> <p>1. The aggregate balance of endorsements/guarantees reaches 50% or more of Company's net worth as stated in its latest financial statement, or, after announcement or reporting is made</p>	<p>Article VIII: Time limit and criteria to make public announcement, declaration:</p> <p>(I) The Company shall input the balances into the Market Observation Post System (MOPS) website designated by the <u>competent authority in charge of securities affairs</u> within two days starting from occurrence of such fact not later than the 10th of every month.</p> <p>(II) Whenever the balance of funds loaned by the Company meets any of the criteria enumerated below, the Company shall input the balances into the Market Observation Post System (MOPS) website designated by the <u>competent authority in charge of securities affairs</u> within two days starting from occurrence of such fact:</p> <p>1. The aggregate balance of endorsements/guarantees reaches 50% or more of Company's net worth as stated in its latest financial statement.</p> <p>2. The balance of endorsements/guarantees for a single</p>	<p>To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>

Pre-amendment content	Post-amendment content	Descriptions
<p>under this subparagraph, each instance where the aggregate balance increases by more than 5% of Company's net worth as stated in its latest financial statement.</p> <p>2. The balance of endorsements/guarantees for a single enterprise reaches 20% or more of Company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this subparagraph, each instance where the balance for an enterprise increases by more than 5% of Company's net worth as stated in its latest financial statement.</p> <p>3. The balance of endorsements/guarantees for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, long-term investment in, and balance of loans to such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement, or, after announcement or reporting is made under this paragraph, each instance where the loan balance for a single enterprise increases by more than</p>	<p>enterprise reaches 20% or more of Company's net worth as stated in its latest financial statement.</p> <p>3. The balance of endorsements/guarantees for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, long-term investment in, and balance of loans to such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>4. <u>The balance of newly increased endorsements/guarantees granted by Company reaches NT\$30 million or more and reaches 5% or more of Company's net worth as stated in its latest financial statement.</u></p>	

Pre-amendment content	Post-amendment content	Descriptions
<p>5% of Company's net worth as stated in its latest financial statement.</p>		
<p>Article X: The Company's Financial Department shall assess and recognize the contingent loss of endorsements/guarantees and shall have the entire data of endorsements/guarantees provided to the auditing Certified Public Accountants to take auditing procedures as necessary to be disclosed as appropriate in the financial statements.</p>	<p>Article X: The Company shall, <u>in accordance with the requirements set forth in Financial Accounting Standard Gazette #9</u>, assess or recognize the contingent loss of endorsements/guarantees and shall have the <u>data of endorsements/guarantees disclosed in the financial statements</u> and provided to the auditing Certified Public Accountants to take auditing procedures as necessary.</p>	<p>To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>
<p>Article XII: These Regulations shall, after being resolved by the board of directors, be submitted to the supervisors and shareholders' meeting for consent. When these Regulations are submitted to the board of directors for discussion, opinions of various independent directors shall be taken into account. The opinions, both yea and nay and the reasons shall be entered into the minutes of the meeting. In the event that a director object with records or documented declaration, the Company shall have the documents of such director's objection submitted to the supervisors. The same shall be conducted in case of amendment.</p>	<p>Article XII: These Regulations shall, after being resolved by the board of directors, be submitted to the supervisors and shareholders' meeting for consent. When these Regulations are submitted to the board of directors for discussion, opinions of various independent directors shall be taken into account. The opinions, both yea and nay and the reasons shall be entered into the minutes of the meeting. In the event that a director object with records or documented declaration, the Company shall have the documents of such director's objection submitted to the supervisors <u>and to the shareholders' meeting for discussion</u>. The same shall be conducted in case of amendment.</p>	<p>To be duly amended in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".</p>



Chairman Lee Yuan-yung

Pacific Hospital Supply Co., Ltd.
Articles of Incorporation, Contents Before & After Amendment in
Comparison

Pre-amendment content	Post-amendment content	Descriptions
<p>Article VI The Company has total capital of NT\$486,755,450, divided into 48,675,545 shares at Ten, which may be issued in installments.</p>	<p>Article VI The Company has total capital of NT\$1,000,000,000 divided into 100,000,000 shares at Ten, which may be issued in installments.</p>	<p>The Company increases the authorized capital.</p>
<p>Article XXVI These Articles were duly enacted on June 10, 1977 and were duly amended on February 25, 1983 as the 1st amendment; March 12, 1983 as the 2nd amendment; April 7, 1984 as the 3rd amendment; November 23 1984 as the 4th amendment; November 21, 1985 as the 5th amendment; December 21, 1985 as the 6th amendment; October 21, 1986 as the 7th amendment; May 16, 1987 as the 8th amendment; July 25, 1987 as the 9th amendment; June 4, 1989 as the 10th amendment; July 23, 1992 as the 11th amendment; August 20, 1992 as the 12th amendment; December 16, 1992 as the 13th amendment; July 17, 1994 as the 14th amendment; October 27, 1997 as the 15th amendment; October 6, 1998 as the 16th amendment; January 30, 1999 as the 17th amendment; November 22, 1999 as the 18th amendment; April 25, 2000 as the 19th amendment; November 10, 2000 as the 20th amendment; June 14, 2002 as the 21st amendment; June 23, 2003 as the 22nd amendment; January 12, 2004 as the 23rd amendment; June 16, 2004 as the 24th amendment; June 2, 2005 as the 25th amendment; June 8, 2006 as the 26th amendment; March 7, 2007 as the 27th amendment; June 13, 2007 as the 28th amendment; June 11, 2008 as the 29th amendment and June 10, 2009 as the 30th amendment.</p>	<p>Article XXVI These Articles were duly enacted on June 10, 1977 and were duly amended on February 25, 1983 as the 1st amendment; March 12, 1983 as the 2nd amendment; April 7, 1984 as the 3rd amendment; November 23 1984 as the 4th amendment; November 21, 1985 as the 5th amendment; December 21, 1985 as the 6th amendment; October 21, 1986 as the 7th amendment; May 16, 1987 as the 8th amendment; July 25, 1987 as the 9th amendment; June 4, 1989 as the 10th amendment; July 23, 1992 as the 11th amendment; August 20, 1992 as the 12th amendment; December 16, 1992 as the 13th amendment; July 17, 1994 as the 14th amendment; October 27, 1997 as the 15th amendment; October 6, 1998 as the 16th amendment; January 30, 1999 as the 17th amendment; November 22, 1999 as the 18th amendment; April 25, 2000 as the 19th amendment; November 10, 2000 as the 20th amendment; June 14, 2002 as the 21st amendment; June 23, 2003 as the 22nd amendment; January 12, 2004 as the 23rd amendment; June 16, 2004 as the 24th amendment; June 2, 2005 as the 25th amendment; June 8, 2006 as the 26th amendment; March 7, 2007 as the 27th amendment; June 13, 2007 as the 28th amendment; June 11, 2008 as the 29th amendment and June 10, 2009 as the 30th amendment and June 10, 2009 as the 31st amendment.</p>	<p>With addition of the date of latest amendment..</p>

Pacific Hospital Supply Co., Ltd.
Chairman Lee Yuan-yung

