

Pacific Hospital Supply Co., Ltd.

Rules of Procedure for Board of Directors Meetings

Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2

The rules of procedures for this Corporation's board meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3

The board of directors shall meet at least quarterly. A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice to be given under the preceding paragraph may be effected by means of electronic transmission with the prior consent of the recipients.

All matters set forth under Article 13, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extempore motion except in the case of an emergency or for other legitimate reason.

Article 4

The designated unit responsible for the board meetings (Administration Department) shall consult the opinion of directors to plan and draft agenda items for regular board meetings in advance. Each director shall be notified to attend the meeting at the scheduled time by the preceding article and each supervisor shall be invited to be present.

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.

During the preceding of the meeting, if a director is of the opinion that materials concerning any proposal are insufficient and with the consent of one or more independent directors, the deliberation of such proposal may be postponed by a resolution of the board of directors.

Article 5

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors. Attendance by videoconference will be deemed attendance in person but attendance card shall be faxed instead.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to preceding paragraph may be the appointed proxy of only one person.

Article 6

A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings due to business requirements.

Article 7

Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the chairperson shall appoint one of the directors to act as chair. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.

Article 8

When a board meeting is held, the designated unit responsible for the board meetings shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.

When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Supervisors may attend the meeting to express their opinions but have no right to vote on the board's exclusive authority issues.

Article 9

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio and video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

Article 10

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3.

The number of "all directors," as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article 11

In principle, a board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting. The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the

meeting.

Agenda items for regular board meetings of this Corporation shall include at least the following:

1. Matters to be reported:
 - A. Minutes of the last meeting and action taken.
 - B. Important financial and business matters.
 - C. Internal audit activities.
 - D. Other important matters to be reported.
2. Matters for discussion:
 - A. Items for continued discussion from the last meeting.
 - B. Items for discussion at this meeting.
3. Extempore motions.

During the preceding of the meeting, the chair may, at his/her discretion and determination of time, announce to have a break or negotiation. At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 10, paragraph 1 shall apply mutatis mutandis.

Article 12

After an attending director has spoken, the chair may respond in person or direct relevant personnel to respond, or designate nonvoting professionals at the meeting to provide relevant information as necessary. If the director's speech is repetitive on any same proposal or exceeds the scope of the agenda item and such acts hinder other directors' speech and meeting, the chair may terminate the speech.

Article 13

The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

1. The Corporation's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or the articles of incorporation, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already

submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

At least one independent director shall attend each meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting in person, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 14

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved and have the same effect as approved after voting. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at this Corporation's discretion.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 16, paragraph 1.

Article 15

Except where otherwise provided by the Company Act, the Securities and Exchange Act and this Corporation's articles of incorporation, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

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

Voting results shall be made known on-site immediately and recorded in writing.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Article 16

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting and may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director, when deliberating the following items:

1. A director or a juristic person that the director represents is an interested party in relation to an agenda item, and the relationship is likely to prejudice the interest of this Corporation.
2. A director is of the opinion that he/she shall enter recusal.
3. The recusal is approved by resolution at a board meeting.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the resolution shall be handled in accordance with the Company Act.

Article 17

Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 13.
8. Extempore motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The board of directors shall take into full consideration each independent director's opinions when discussing major financial or operational actions such as acquisition or disposal of assets, extension of monetary loans to others, endorsements or guarantees for others. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

Article 18

With the exception of matters required to be discussed at a board meeting under Article 13, paragraph 1,

when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or this Corporation's articles of incorporation, the levels of such delegation and the content or matters it covers shall be definite and specific, and general authorization is not permitted.

Article 19

These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.