

## **Pacific Hospital Supply Co., Ltd.**

### **Rules for Repurchase and Transfer of Shares to Employees**

#### Article 1

The company, in a bid to motivate the employees and the excel the employee loyalty, has promulgated Company Share Repurchase and Transfer of Shares to the Employee measures, in accordance with Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and per Financial Supervisory Commission has announced of the “Regulations Governing Share Repurchase by Exchange-listed and OTC-listed Companies”, and related regulations. The company repurchase and transfer of shares to the employees, except otherwise stipulated by relevant laws and regulations, shall be implemented per stipulations set forth in the regulations.

#### Article 2

The current share transfer to the employees are of the common shares, with their entitlements and obligations, unless otherwise stipulated by relevant laws and regulations and the measures, are identical to the other common shares currently in circulation.

#### Article 3

The current repurchased shares may be transferred to the employees, at once or by increment, within three years from the share buyback date, per stipulated by the measures. The portion not transferred exceeding the cutoff is deemed as unissued company shares, which shall a share elimination change registration filed as required by law.

#### Article 4

Company employees, including subsidiary employees, who have had significant contribution to the company reaching one-year service mark upon reporting to duty from the share-pledging cutoff date are entitled with the right to pledge the share count specified under article 5 of the measures.

The term “subsidiary employees” referred in the preceding section pertains to offshore, subsidiary company employees, where the company holds, directly or indirectly, fifty percent or more of the voting rights.

#### Article 5

The company, based on the criteria of employee ranks, service seniority, whose significant contribution to the company, also taking into consideration factors such as the total repurchase shares the company holds at share-pledging cutoff and employee share-pledging caps, may set an employee share-pledging cap, and the chairman has been authorized to approve it.

#### Article 6

The operating procedure for transferring the current share to the employees:

1. Company shares are repurchased per the management board’s resolution, announcement and declaration, and also bought back within the execution period.
2. The management board is to utilize the measures to set and announce the employee share-pledging baseline date, criteria governing share-pledging count, share-pledging remittance period, and content of the entitlements, restrictive conditions and related operating measures.
3. The employees, when not pledging and remitting the funds within the share-pledging remittance period shall be deemed as having voluntarily forfeited their right, and the balance of the under-pledging may have the directors contact other employees to pledge the shares.
4. The actual pledged share count with fund remittance is tallied to file for the share title transfer registration.

#### Article 7

The current repurchased shares for transfer to the employee are to adopt the median price of the actual buyback price (calculating down to NTD cents and rounded off thereafter) as the transfer price, provided that if company issued common share price increases prior to the transfer, the transfer price may be adjusted in proportion to the increase to the issued share price. When transferring the shares at a median price lower than the actual buyback price, it shall be processed per that stipulated under article 10-1 of the "exchange-listed and OTC-listed companies' company share repurchase measures".

#### Article 8

Upon completing the current share repurchase and transfer to the employees, complete with filing for the title transfer registration, except otherwise stipulated, the rest of the entitlements and obligations are same as that of the initial shares. The current share repurchase for transfer to the employees may have a restricted employee share transfer period imposed, per that stipulated under article 167-3 of the Corporate Law, depending on the needs.

#### Article 9

The measures are to take effect following the proposition motioning through the management board meeting, and may also be amended upon declared with the management board for motioning.

#### Article 10

The measures shall be declared in shareholders' meeting report, and the same also applies in all subsequent amendments.