

Stock code: 4126



太平洋醫材股份有限公司
Pacific Hospital Supply Co.,Ltd

Handbook for the 2024 Annual Shareholders' Meeting

Date: June 14, 2024

Location: Tungluowan Hall (No. 78, Hsinhsing Road, Tungluo
Village, Tungluo Township, Miaoli County)

Pacific Hospital Supply Co., Ltd.

Handbook for the 2024 Annual Shareholders' Meeting

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Pacific Hospital Supply Co., Ltd.

Procedure for the 2024 Annual Shareholders' Meeting

- I. Call the Meeting to Order
- II. Opening Speech by the Chairperson
- III. Presentation of Key Issues
- IV. Issues to Be Acknowledged
- V. Issues Proposed for Discussion
- VI. Extempore Motions
- VII. Adjournment

Pacific Hospital Supply Co., Ltd.
2024 Annual Shareholders' Meeting
Agenda

Physical Meeting

Date: Friday, June 14, 2024, 9:00 a.m.

Location: Tungluowan Hall (No. 78, Hsinhsing Road, Tungluo Village, Tungluo Township, Miaoli County)

- I. Call the meeting to order
- II. Opening speech by the Chairperson
- III. Presentation of key issues:
 1. 2023 Business Report
 2. Audit Committee's Review Report on the 2023 Final Accounts
 3. Report on the Distribution of 2023 Employees' and Directors' Compensation
 4. Report on the 2023 Directors' Remuneration
- IV. Issues to be acknowledged:
 1. Proposal of 2023 Business Report and Financial Statements
 2. Proposal of 2023 Earnings Distribution
- V. Issues proposed for discussion:

Proposal to Release the Prohibition on Director from Participation in Competitive Business
- VI. Extempore motions
- VII. Adjournment

■ Presentation of Key Issues

Issue No. I

Subject of Issue: 2023 business report.

Descriptions: Please kindly refer to the Handbook for the Shareholders' Meeting, Attachment I.

Issue No. II

Subject of Issue: Audit committee's review report on final accounts 2023.

Descriptions: Please kindly refer to the Handbook for the Shareholders' Meeting, Attachment II.

Issue No. III

Subject of Issue: Report on the distribution of 2023 employees' and directors' compensation.

Descriptions:

1. According to Article XXII of the Articles of Incorporation, if the Company has gained profits within a fiscal year, no less than 3% of the profits shall be reserved as the employees' compensation and no more than 2% as the directors' compensation.
2. In care of overall company operation and peer wage payout levels, there are plans to distribute employees' compensation at NT\$37,000,000 and directors' compensation at NT\$4,000,000, with both to be distributed in cash.
3. The 2023 performance evaluation results of directors and managerial officers, please kindly refer to the Handbook for the Shareholders' Meeting, Attachment III.

Issue No. IV

Subject of Issue: Report on the 2023 directors' remuneration.

Descriptions:

1. According to Article XV of the Articles of Incorporation, the remuneration or transportation expenses of directors shall be resolved by the Board of Directors based on the value of the directors' participation and contributions to the company's operations, and taking into account the industry standards for payment. According to Article XXII of the Articles of Incorporation, if the Company makes a profit in a fiscal year, it shall set aside no more than 2% for directors' compensation.
2. In addition to the overall operation, future business risks and development of the company, the director's remuneration of the Company also takes into account the industry standard, as well as the management responsibility, time investment, and business performance of the directors. It is approved in accordance with the Articles of Incorporation and the "Regulations for Remuneration of Directors, Functional Committee Members and Managerial Officers."
3. For the detail of the 2023 directors' remuneration, please kindly refer to the Handbook for the Shareholders' Meeting, Attachment IV.

■ Issues to Be Acknowledged

Issue No. I

Proposed by the Board of Directors

Subject of Issue: Proposal of 2023 business report and financial statements, please kindly acknowledge this issue as prudent.

Descriptions:

1. The Company's financial statements (including balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows) of year 2023 have been duly audited by Certified Public Accountants Chao-Ling Chen and Chun-Ming Hsueh of Deloitte & Touche with audit report duly issued.
2. 2023 business report and the aforementioned financial statements were already reviewed by the Audit Committee and approved by the Board of Directors. Please kindly refer to the Handbook for the Shareholders' Meeting, Attachment I and Attachment V.
3. Please kindly acknowledge this issue as prudent.

Decision resolved:

Issue No. II

Proposed by the Board of Directors

Subject of Issue: Proposal of 2023 earnings distribution, please kindly acknowledge this issue as prudent.

Descriptions:

1. Earnings Distribution Table of 2023 is drafted in accordance with the Company Act and the Articles of Incorporation of the Company. Please kindly refer to the Handbook for the Shareholders' Meeting, Attachment VI.
2. The total dividend to shareholders is NT\$348,480,000 and will all be distributed in cash for NT\$4.8 per share pursuant to the register of shareholders on ex-dividend date. The dividend distribution should be rounded down to the nearest integer, and total amount of the fracture numbers will be aggregately recognized as other revenue of the Company.
3. The issue is proposed for adoption by the Annual Shareholders' Meeting and for authorization to the Chairperson to resolve the ex-dividend date. If the number of total issued shares is changed according to the regulations and laws or repurchasing of treasury shares by the Company before the ex-dividend date and the ratio of cash dividends should be adjusted by such change, the Chairperson is authorized to deal with relative issues.
4. Please kindly acknowledge this issue as prudent.

Decision resolved:

■ Issues Proposed for Discussion

Subject of Issue: Proposal to release the prohibition on director from participation in competitive business. Proposed by the Board of Directors

Descriptions:

1. The proposal has been sought per stipulations set forth under Article 209 of the Company Act and per Articles of Incorporation of the Company.
2. In order to rely on the company directors' expertise and relevant experiences, there are plans to secure the consent of shareholders' meeting to release the prohibition on directors from participation in competitive business, in case the directors who also invest in or operate businesses identical or similar to the scope of the Company business.
3. The director concurrently acts as:

Title	Name	Concurrent Positions
Director	Chung-kai Hung (Representative of Yi De Co., Ltd.)	Manager of Catcher Technology Co., Ltd. Director of Catcher Medtech Co., Ltd. Director of Ren Yi Medtech Co., Ltd. Director of Ren He Medtech Co., Ltd. Director of Bioteque Corporation

4. Please resolve.

Decision resolved:

■ Extempore Motions

■ Adjournment

Pacific Hospital Supply Co., Ltd.

2023 Business Report



In 2023, the pressure of inflation and interest rate hikes remained high; coupled with geopolitical tensions, resulted in a slowdown of global economic activities and inadequate growth momentum. Throughout this period, PAHSCO actively seized market opportunities in addition to prudently responding to various major external changes. Together with the efforts of all employees, we achieved our sales targets and the company's annual revenue reached a historic high. The operating results and financial status for 2023 are summarized as follows:

【Operating Policy】

Since its establishment, PAHSCO has been constantly diligent and adheres to the vocation of "Your Health, Our Mission". We have established a well-fortified foothold in the medical device industry; implementing quality management as our core value, and is dedicated to continuously provide better products and satisfy customer demands with services of exceptional quality. In addition to actively expanding marketing channels and elevating the visibility of the brand "PAHSCO" as a means to create a solid and resilient business, we continue to improve production and sales management processes, refine flexible production models, and construct a favorable talent retention environment.

【Achievement and Implementation of Business Plan】

As medical activities resume normal operations, product demand has also recovered. In order to provide services and products of a higher standard, the Company has introduced numerous digital management systems, with the hopes of applying data analysis to improve decision-making quality, adequately respond to customer needs, and establish strong long-term cooperative relationships. In 2023, PAHSCO proceeded with the previous year's sales strategy, driving significant growth in operating net profit, and net profit after tax. Through optimizing product sales mix, adjusting reasonable sale prices, and improving production efficiency, etc., the gross profit margin for the year was restored to its usual numbers.

The business performance of the Company for the year 2023 is as follows: (Unit: NT\$ Thousand)

Item \ Year	2023	2022	Variance	Percent Variance
Operating revenue	2,320,209	2,184,934	135,275	6.2 %
Gross profit	739,745	587,970	151,775	25.8 %
Operating expense	241,731	233,475	8,256	3.5 %
Operating income - net	498,014	354,495	143,519	40.5 %
Profit before income tax	525,492	413,480	112,012	27.1 %
Net profit	420,792	331,397	89,395	27.0 %
Earnings per share	5.80	4.56		

【Operating Income and Expense and Budget Implementation】

Our budgets for 2023 were appropriately allocated and effectively utilized. The Company will continue taking proper control of various costs and improving business performances for the maximization of shareholders' equity.

【Profitability Analysis】

The Company's financial structure and profitability are both sound and stable, and the profitability for 2023 is as follows:

Category	Item	2023	2022
Financial structure	Debt to asset ratio (%)	24.80	25.48
Solvency	Current ratio (%)	302.57	263.51
	Quick ratio (%)	231.51	185.25
Profitability	Return on assets (%)	11.48	9.06
	Return on shareholders' equity (%)	15.16	12.22
	Pre-tax income to paid-in capital (%)	72.38	56.95
	Profit ratio (%)	18.14	15.17
	Earnings per share (NT\$)	5.80	4.56

【Research and Development】

In 2023, the expenses incurred from research and development amounted to NT\$57,422 thousand, which accounted for 2.5% of the operating revenue. In response to the development of high value-added products and expansion of market presence, the Company continues to recruit R&D and quality management professionals. A Quality Management Department was also established to ensure the fulfillment of quality awareness across all units. We aim to enhance quality control processes in development, production, and traceability to achieve comprehensive quality improvement and ensure the safety and effectiveness of our products.

The World Health Organization announced the lifting of the global public health emergency in 2023, bringing the COVID-19 pandemic under control after three years. As a consequence, the development of medical technology has not only accelerated rapidly under the impact of the pandemic, but the aging population has also promoted steady growth within the medical device market, resulting in a promising overall outlook for the industry. With the issue of sustainability as the focus of attention for all industries, PAHSCO has shaped green development from a mere slogan into practice. We passed external verification of greenhouse gas inventory and sustainability reports in 2023, but were also awarded the 7th Taiwan Mittelstand Award by the Ministry of Economic Affairs. This honor recognizes PAHSCO's continual outstanding business performance, and also highlights our benchmark leadership status in the industry, as well as PAHSCO's corporate spirit of "focusing on the industry, cultivating technology, and global presence." In the ever-changing future, PAHSCO will continue to persist on being the backbone of medical care, an ally to our employees, and the pillar of society. On the route of sustainable management, we look forward to working with all stakeholders to create higher corporate value for PAHSCO.

Chairperson An-Ting Chung



General Manager Tim Chiang



Accounting Head Yu-Shiu Huang



February 26, 2024

Audit Committee's Review Report

To: 2024 Annual Shareholders' Meeting

The Board of Directors compiled the Company's 2023 business report, financial statements, and proposal of earnings distribution. The CPAs of Deloitte & Touche, Chao-Ling Chen and Chun-Ming Hsueh, have audited the financial statements and issued an audit report relating to the financial statements.

The aforementioned business report, financial statements and proposal of earnings distribution have been reviewed by the Audit Committee and there is no misrepresentation. As such, the Audit Committee issued this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please examine.

Pacific Hospital Supply Co., Ltd.

Audit Committee Convenor Vance Chin



February 26, 2024

Pacific Hospital Supply Co., Ltd.

2023 Performance Evaluation Results of Directors and Managerial Officers

The performance evaluation of directors and managerial officers has been conducted according to the “Rules of Performance Evaluation of the Board of Directors” and the “Employee Performance Evaluation Regulations.” The evaluation results are shown as follows:

The criteria for evaluating the performance	Subject	Evaluation results
1. Familiarity with the goals and missions of the company 2. Awareness of the job duties 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. Professionalism and continuing education 6. Internal control	Board members	“A” or above for all
1. Company operating performance 2. Departmental operating performance 3. Personal performance	Managerial officers	“A” or above for all
Note: The board members are directors who are in office at the end of 2023.		

Pacific Hospital Supply Co., Ltd.

2023 Directors' Remuneration

Unit: NT\$ thousand, as of December 31, 2023

Title	Name (Note)	Directors' Remuneration								Total Remuneration (A+B+C+D) and Ratio to Net Income				Relevant Remuneration Received by Directors Who are Also Employees								Total Remuneration (A+B+C+D+E+F+G) and Ratio to Net Income				Remuneration Paid to Directors from an Invested Company Other than the Company's Subsidiary or from Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Director Compensation (C)		Allowances (D)						Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Compensation (G)								
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements						
										Total	%	Total	%					Cash	Stock	Cash	Stock	Total	%	Total	%	
Chairperson	An-Ting Chung	0	0	0	0	800	800	40	40	840	0.20%	840	0.20%	11,765	11,765	108	108	800	0	800	0	13,513	3.21%	13,513	3.21%	None
Director	Yi De Co., Ltd	0	0	0	0	320	320	30	30	350	0.08%	350	0.08%	0	0	0	0	0	0	0	0	350	0.08%	350	0.08%	None
	Stanley Chen (Representative)	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	None
Director	Yi Sheng Co., Ltd	0	0	0	0	320	320	0	0	320	0.08%	320	0.08%	0	0	0	0	0	0	0	0	320	0.08%	320	0.08%	None
	Tim Chiang (Representative)	0	0	0	0	0	0	40	40	40	0.01%	40	0.01%	6,071	6,071	108	108	2,200	0	2,200	0	8,419	2.00%	8,419	2.00%	None
Independent Director	Vance Chin	0	0	0	0	640	640	40	40	680	0.16%	680	0.16%	0	0	0	0	0	0	0	0	680	0.16%	680	0.16%	None
Independent Director	Adrian Chang	0	0	0	0	640	640	40	40	680	0.16%	680	0.16%	0	0	0	0	0	0	0	0	680	0.16%	680	0.16%	None
Independent Director	Zhi-Jun Zhan	0	0	0	0	800	800	40	40	840	0.20%	840	0.20%	0	0	0	0	0	0	0	0	840	0.20%	840	0.20%	None
Independent Director	Cherie Lin	0	0	0	0	480	480	35	35	515	0.12%	515	0.12%	0	0	0	0	0	0	0	0	515	0.12%	515	0.12%	None

1. Please state the policy, system, standards, and structure of independent directors' remuneration, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, and other factors: According to the Company's Articles of Incorporation, the board of directors is authorized to determine the directors' remuneration or transportation expenses according to their participation in the Company's operations and the value of their contributions; also, by referring to the payment level of the industry. Moreover, according to the provisions of the "Rules Governing the Scope of Powers of Independent Directors," different but reasonable remuneration from that of other directors may be set forth for the independent directors. The Company's independent directors are also members of the functional committees who need to devote more time and energy to the committees than general directors; therefore, more weights of compensation is distributed to the independent directors according to the "Regulations for Remuneration of Directors, Functional Committee Members and Managerial Officers."

2. Other than disclosure in the above table, directors' remunerations earned by providing services (e.g. providing consulting services as a non-employee) to PAHSCO and all consolidated entities in the most recent financial statements: None.

**勤業眾信**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pacific Hospital Supply Co., Ltd.

Opinion

We have audited the accompanying financial statements of Pacific Hospital Supply Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Authenticity of Sales Revenue

The revenue of Company mainly comes from the sales of medical equipment. Sales revenue for the year ended December 31, 2023 increased by NT\$122,787 thousand compared to the sales revenue for the year ended December 31, 2022. We assessed that the risks related to sales revenue, that is, whether the transaction actually occurred, is high. Therefore, sales revenue to specific customers for the year ended December 31, 2023 was identified as the key audit matter.

Refer to Note 4 to the financial statements for the accounting policies related to revenue recognition.

Our main audit procedures performed for the abovementioned key audit matter included the following:

1. We understood and tested the design and operating effectiveness of the internal controls surrounding the sales revenue recognition process of the abovementioned customers.
2. We selected samples from sales records for the abovementioned customers and checked whether they matched the corresponding evidence such as purchase orders, packing lists and export declarations, and tested the collection of receivables to verify the authenticity of the sales transaction.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chao-Ling Chen and Chun-Ming Hsueh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

PACIFIC HOSPITAL SUPPLY CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 24)	\$ 744,983	20	\$ 688,289	19
Financial assets at amortized cost - current (Notes 7 and 24)	245,640	7	-	-
Notes receivable (Notes 4, 8 and 24)	22,113	1	28,749	1
Accounts receivable (Notes 4, 8, 18 and 24)	168,587	4	203,802	5
Other receivables (Notes 4, 8 and 24)	10,486	-	10,652	-
Inventories (Notes 4 and 9)	343,787	9	366,729	10
Prepayments	19,535	-	23,970	1
Other current assets (Note 14)	<u>2,512</u>	-	<u>2,825</u>	-
Total current assets	<u>1,557,643</u>	<u>41</u>	<u>1,325,016</u>	<u>36</u>
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 10, 22 and 26)	1,645,230	44	1,750,099	48
Right-of-use assets (Notes 4, 11 and 25)	422,116	11	426,992	12
Investment properties (Notes 4, 12 and 26)	91,257	3	91,565	3
Other intangible assets (Notes 4 and 13)	5,081	-	5,762	-
Deferred tax assets (Notes 4 and 20)	10,978	-	10,028	-
Net defined benefit assets - non-current (Notes 4 and 16)	9,261	-	7,495	-
Other non-current assets (Notes 14 and 22)	<u>26,328</u>	<u>1</u>	<u>28,775</u>	<u>1</u>
Total non-current assets	<u>2,210,251</u>	<u>59</u>	<u>2,320,716</u>	<u>64</u>
TOTAL	<u>\$ 3,767,894</u>	<u>100</u>	<u>\$ 3,645,732</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 18)	\$ 44,694	1	\$ 32,615	1
Notes payable (Note 24)	2,970	-	2,508	-
Accounts payable (Note 24)	171,015	5	203,267	6
Other payables (Notes 15, 22 and 24)	210,538	6	195,022	5
Current tax liabilities (Notes 4 and 20)	67,410	2	53,744	2
Lease liabilities - current (Notes 4, 11, 22, 24 and 25)	15,575	-	13,241	-
Other current liabilities (Note 15)	<u>2,600</u>	-	<u>2,445</u>	-
Total current liabilities	<u>514,802</u>	<u>14</u>	<u>502,842</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 4)	-	-	1,769	-
Lease liabilities - non-current (Notes 4, 11, 22, 24 and 25)	418,889	11	423,777	11
Guarantee deposits (Note 15)	<u>644</u>	-	<u>644</u>	-
Total non-current liabilities	<u>419,533</u>	<u>11</u>	<u>426,190</u>	<u>11</u>
Total liabilities	<u>934,335</u>	<u>25</u>	<u>929,032</u>	<u>25</u>
EQUITY (Note 17)				
Share capital				
Ordinary shares	<u>726,000</u>	<u>19</u>	<u>726,000</u>	<u>20</u>
Capital surplus	<u>344,665</u>	<u>9</u>	<u>344,665</u>	<u>10</u>
Retained earnings				
Legal reserve	483,771	13	449,991	12
Unappropriated earnings	<u>1,279,123</u>	<u>34</u>	<u>1,196,044</u>	<u>33</u>
Total retained earnings	<u>1,762,894</u>	<u>47</u>	<u>1,646,035</u>	<u>45</u>
Total equity	<u>2,833,559</u>	<u>75</u>	<u>2,716,700</u>	<u>75</u>
TOTAL	<u>\$ 3,767,894</u>	<u>100</u>	<u>\$ 3,645,732</u>	<u>100</u>

PACIFIC HOSPITAL SUPPLY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 18)	\$ 2,320,209	100	\$ 2,184,934	100
OPERATING COSTS (Notes 4, 9, 16 and 19)				
Cost of goods sold	<u>1,580,464</u>	<u>68</u>	<u>1,596,964</u>	<u>73</u>
GROSS PROFIT	<u>739,745</u>	<u>32</u>	<u>587,970</u>	<u>27</u>
OPERATING EXPENSES (Notes 16, 19 and 25)				
Selling and marketing expense	77,591	3	76,683	4
General and administrative expense	106,718	5	110,672	5
Research and development expense	<u>57,422</u>	<u>2</u>	<u>46,120</u>	<u>2</u>
Total operating expenses	<u>241,731</u>	<u>10</u>	<u>233,475</u>	<u>11</u>
OPERATING INCOME	<u>498,014</u>	<u>22</u>	<u>354,495</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Note 19)				
Interest income	17,614	1	3,721	-
Other income	20,008	1	19,963	1
Other gains and losses	(4,413)	-	42,332	2
Finance costs (Note 25)	<u>(5,731)</u>	<u>(1)</u>	<u>(7,031)</u>	<u>-</u>
Total non-operating income and expenses	<u>27,478</u>	<u>1</u>	<u>58,985</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	525,492	23	413,480	19
INCOME TAX EXPENSE (Notes 4 and 20)	<u>104,700</u>	<u>5</u>	<u>82,083</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>420,792</u>	<u>18</u>	<u>331,397</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (Note 16)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,234	-	7,998	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(247)</u>	<u>-</u>	<u>(1,600)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>987</u>	<u>-</u>	<u>6,398</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 421,779</u>	<u>18</u>	<u>\$ 337,795</u>	<u>15</u>

(Continued)

PACIFIC HOSPITAL SUPPLY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 5.80</u>		<u>\$ 4.56</u>	
Diluted	<u>\$ 5.76</u>		<u>\$ 4.54</u>	

(Concluded)

PACIFIC HOSPITAL SUPPLY CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 17)		Capital Surplus (Note 17)	Retained Earnings (Notes 4, 17 and 21)			Total	Total Equity
	Ordinary Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2022	72,600	\$ 726,000	\$ 344,506	\$ 410,745	\$ 3,849	\$ 1,220,346	\$ 1,634,940	\$ 2,705,446
Appropriation of 2021 earnings								
Legal reserve	-	-	-	39,246	-	(39,246)	-	-
Special reserve	-	-	-	-	(3,849)	3,849	-	-
Cash dividends distributed	-	-	-	-	-	(326,700)	(326,700)	(326,700)
Donations from shareholders	-	-	159	-	-	-	-	159
Net profit for the year ended December 31, 2022	-	-	-	-	-	331,397	331,397	331,397
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	6,398	6,398	6,398
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	337,795	337,795	337,795
BALANCE AT DECEMBER 31, 2022	72,600	726,000	344,665	449,991	-	1,196,044	1,646,035	2,716,700
Appropriation of 2022 earnings								
Legal reserve	-	-	-	33,780	-	(33,780)	-	-
Cash dividends distributed	-	-	-	-	-	(304,920)	(304,920)	(304,920)
Net profit for the year ended December 31, 2023	-	-	-	-	-	420,792	420,792	420,792
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	987	987	987
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	421,779	421,779	421,779
BALANCE AT DECEMBER 31, 2023	72,600	\$ 726,000	\$ 344,665	\$ 483,771	\$ -	\$ 1,279,123	\$ 1,762,894	\$ 2,833,559

PACIFIC HOSPITAL SUPPLY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 525,492	\$ 413,480
Adjustments for:		
Depreciation expenses	137,098	143,006
Amortization expenses	5,788	5,364
Finance costs	5,731	7,031
Interest income	(17,614)	(3,721)
Loss/(gain) on disposal of property, plant and equipment	2,765	(5,287)
Write-downs of inventories	886	288
Net loss/(gain) on foreign currency exchange	11,923	(33,308)
Loss on disposal of inventories	2,102	2,144
Changes in operating assets and liabilities		
Notes receivable	6,636	2,926
Accounts receivable	33,778	(53,854)
Other receivables	554	(574)
Inventories	19,954	(33,937)
Prepayments	4,435	(133)
Other current assets	313	736
Net defined benefit assets - non-current	(532)	-
Contract liabilities	12,079	(21,863)
Notes payable	462	(36)
Accounts payable	(32,252)	36,186
Other payables	16,387	13,434
Other current liabilities	155	256
Net defined benefit liabilities - non-current	-	(4,509)
Cash generated from operations	736,140	467,629
Interest received	16,907	3,532
Interest paid	(5,731)	(7,079)
Income tax paid	(93,681)	(32,420)
Net cash generated from operating activities	653,635	431,662
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(245,640)	-
Increase in prepayments for equipment	(5,699)	(8,084)
Acquisition of property, plant and equipment	(22,109)	(22,619)
Proceeds from disposal of property, plant and equipment	4,234	12,507
Increase in refundable deposits	(1,640)	(2,371)
Decrease in refundable deposits	2,222	1,068
Acquisition of intangible assets	(5,107)	(6,812)
Net cash used in investing activities	(273,739)	(26,311)

(Continued)

PACIFIC HOSPITAL SUPPLY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ -	\$ 20,000
Decrease in short-term borrowings	-	(20,000)
Repayments of long-term borrowings	-	(230,000)
Decrease in guarantee deposits received	-	(100)
Repayment of the principal portion of lease liabilities	(7,796)	(7,694)
Cash dividends distributed	(304,920)	(326,700)
Overdue dividends	<u>-</u>	<u>159</u>
Net cash used in financing activities	<u>(312,716)</u>	<u>(564,335)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(10,486)</u>	<u>31,998</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	56,694	(126,986)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>688,289</u>	<u>815,275</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 744,983</u>	<u>\$ 688,289</u>

(Concluded)

Pacific Hospital Supply Co., Ltd.
2023 Earnings Distribution Table



Unit: NT\$

Item	Amount	Remarks
Opening undistributed earnings	857,343,888	
Add: After-tax net profit for the current period	420,792,047	
Add: Remeasurement of defined benefit plans of the current year	987,830	
Less: 10% provision for legal reserve	(42,177,988)	
Distributable earnings for the period	1,236,945,777	
Shareholders' dividends NT\$ 4.8 per share		
Cash dividends NT\$ 4.8 per share	(348,480,000)	
Closing undistributed earnings	888,465,777	

Note 1: The Company has plans to, per Articles of Incorporation, set aside the legal reserve, and has proposed to distribute shareholders' dividend at NT\$348,480,000 to be distributed in cash. The foresaid shareholders' cash dividend is compliant with Articles of Incorporation of no less than 20% of the total dividend amount.

Note 2: The 2023 earnings are to be distributed with priority at the current earnings distribution.

Representative : An-Ting Chung



Manager : Tim Chiang



Accounting Head : Yu-Shiu Huang



Pacific Hospital Supply Co., Ltd.

Articles of Incorporation

Chapter One General Provisions

Article I This Company is duly incorporated under the provisions set forth in the Company Act in the full name of Pacific Hospital Supply Co., Ltd. (hereinafter referred to as the "Company").

Article II The Company shall engage in the following business lines :

- 1 CF01011 Medical Materials and Equipment Manufacturing
- 2 F108031 Wholesale of Drugs, Medical Goods
- 3 F208031 Retail sale of Medical Equipment
- 4 E601010 Electric Appliance Construction
- 5 E601020 Electric Appliance Installation
- 6 EZ05010 Apparatus Installation Construction
- 7 F401010 International Trade
- 8 I103060 Manages Consultant Business
- 9 CE01010 Precision Instruments Manufacturing
- 10 CE01990 Other Photographic and Optical Instruments Manufacturing
- 11 F113030 Wholesale of Precision Instruments
- 12 F203040 Retail Sale of Precision Instruments
- 13 E801010 Building Maintenance and Upholstery
- 14 E603050 Cybernation Equipment Construction
- 15 E603090 Illumination Equipment Construction
- 16 E604010 Machinery Installation Construction
- 17 CE01021 Metrological Instruments Manufacturing
- 18 F113060 Wholesale of Metrological Instruments
- 19 F213050 Retail Sale of Metrological Instruments
- 20 CA02050 Metal Valves Manufacturing
- 21 CQ01010 Die Manufacturing
- 22 E599010 Pipe Lines Construction
- 23 E603100 Electric Welding Construction
- 24 E605010 Computing Equipment Installation Construction
- 25 F118010 Wholesale of Computer Software (operation outside of the Hsinchu Science Park only)
- 26 F119010 Wholesale of Electronic Materials
- 27 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval. (operation outside of the Hsinchu Science Park only)

To research, design, develop, manufacture and sell the products as follows:

1. Positive Needle Free Connector and its derived supplies, equipments and devices used for medical purposes.
2. Thermoplastic Polyurethanes Catheter and its derived supplies, equipments and devices used for medical purposes.

Article III The Company may provide external guarantee services in line with business needs.

The Company may become a shareholder of limited liability in other companies. The total amount of its investments in such other companies is free of the restriction of 40% of the Company's paid-in capital.

Article IV The Company is headquartered in Hsinchu Science Park, and may have branches or institutions set up elsewhere domestically or abroad as necessary as resolved by the Board of Directors, subject to the approval of the competent authority.

Article V Public announcements of the Company shall be duly made in accordance with the Company Act and other relevant regulations.

Chapter Two Shares

Article VI The Company has the total capital amounting to one billion New Taiwan Dollars, divided into one hundred million shares at ten New Taiwan Dollars par value which may be issued in installments.

Article VI-I The Company, when transferring shares at a lower than the average actual repurchase price to the employees, or when issuing the employee share-pledging certificates at a share-pledging price lower than the company shares' closing price on the issuing date, shall have a quorum of over one-half of the

shareholders representing the shares issues to attend the shareholder's meeting, and the proposal be voted in favor for implementation by a quotation of over two-thirds of the attending shareholders holding the voting right.

Article VI-II The Company may include the employees of parents or subsidiaries meeting certain specific requirements when transferring its treasury stock to employees, issuing employee stock warrants, reserving the issuance of common stock in cash for employees to subscribe, and issuing new restricted employee shares according to the Company Act.

Article VII The share certificates shall be affixed with the signatures or personal seals of the director representing the company and shall be duly certified or authenticated under the laws before issuance. The Company shall issue non-physical shares and does not print share certificates but shall have the shares duly registered with the centralized securities depository institution(s).

Article VIII The Company's shareholders shall have provided their specimen seal certificate cards submitted to and archived in the Company's agent for stock affairs. A shareholder as a juristic (corporate) person shall have its specimen seal certificate card bearing the name of the juristic (corporate) person in full archived in the Company's agent for stock affairs. A juristic (corporate) person shareholder may, as well, request that its statutory representative's registered specimen seal submitted to and archived in the Company's agent for stock affairs. The registered specimen seal or signature specimens shown in the specimen seal certificate cards submitted to and archived in the Company's agent for stock affairs shall function as the grounds when shareholders receive dividend, bonus or exercise shareholder powers with the Company in writing.

Article IX No transfer of shares shall be executed within sixty days prior to a regular meeting of shareholders, or within thirty days prior to a special (extraordinary) meeting of shareholders, or within five days prior to the record (base) date scheduled to allocate dividend, bonus or other benefits. The Company's equity affairs shall be duly handled in accordance with the Regulations Governing Handling of Stock Affairs by Public Companies promulgated by the competent authority in charge of securities affairs.

Chapter Three Shareholders' Meeting

Article X The shareholders' meeting hereof is held in the form of regular meeting of shareholders and special (extraordinary) meeting of shareholders. The former is called once per annum within six months from closing of each fiscal year with notices served to all shareholders twenty days in advance and the latter may be duly called whenever necessary.

Article X-I The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the competent authority.

Article XI A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney with the power of attorney form printed and provided by the Company, expressly bearing the scope of the authorized powers, duly sign and affix seal thereon to entrust a proxy to be present on behalf. The power of attorney shall be submitted to the Company five days prior to the date scheduled for the shareholders' meeting. In case of double powers of attorney received simultaneously, the power of attorney shall be accepted on the "first come first served" basis unless the first submitted one is declared withdrawn.

Article XII Where the Company convenes a shareholders' meeting, shareholders may exercise voting powers in writing or electronically, and shareholders exercising their voting rights in writing or electronically shall be deemed as having attended in person, with relevant measures to be implemented per legal and regulatory stipulations.

Article XIII A shareholder shall have one voting power in respect of each share, except in the circumstances otherwise provided for in the laws and regulations. A juristic (corporate) person shareholder has statutory representative(s) not confined to one in number. Its voting powers shall be, nevertheless, calculated based on the number of shares so held in a consolidated basis. In case of two or more representatives, the representatives shall exercise the voting powers jointly.

Article XIV Unless otherwise provided for in the Company Act, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting which is attended by shareholders who represent a majority of the total issued shares.

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting in accordance with Article 183 of the Company Act.

Chapter Four Directors

- Article XV The Company has seven to nine directors, with three-year tenure of office and reelection. The directors may be duly elected under the candidate nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The aforementioned quota of directors includes at least three independent directors. The Board of Directors is authorized to determine the number of directors.
- In the event that the reelection of directors is not held upon expiry of their tenure of office, the directors shall serve continually and shall have their tenure of office extended until the newly elected directors and supervisor take office.
- The compensation or travel expenses to the directors shall be duly offered at the rate duly resolved in the light of participation and contribution to the Company's operation by the directors with reference to the common standard of the same industry.
- Article XVI The professional qualification requirements, shareholding numbers and determination of independence of independent directors, the methods to nominate and elect independent directors, exercise of powers and other matters concerning independent directors shall be duly determined in accordance with the Securities and Exchange Law and other laws and ordinances concerned.
- Article XVII The Board of Directors shall be duly organized by the directors. By attendance of two-thirds majority of directors and a majority vote of the attending directors, one chairman shall be duly elected. The chairman shall represent the Company externally.
- In response to the need of business operation, the Board of Directors may establish Remuneration Committee or committee(s) of other functions.
- Article XVII-I In accordance with Securities and Exchange Act, the Company shall establish an audit committee which shall be composed of the entire number of independent directors. The audit committee shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The duties and power of the audit committee are governed by the Company Act, Securities and Exchange Act, other relevant laws and the Company's regulations.
- Article XVIII The following relationships may not exist among more than half of the company's directors:
1. A spousal relationship.
 2. A familial relationship within the second degree of kinship.
- Article XIX A director who is unavailable to attend a Board of Directors meeting in person may authorize another director to act as a proxy to attend on their behalf by issuing the power of attorney for each event of the meeting. The power of attorney so issued shall bear the scope of the authorized powers. A director so authorized may represent only one director. A director who attends a Board of Directors meeting through video system is deemed to have attended in person if such meeting is held through video system.
- The convention of a Board of Directors meeting must be notified to all directors at least 7 days in advance, with detailed agenda. However, meetings can be convened at anytime in case of an emergency. Notifications to directors can be delivered in writing or by means of electronic transmission.
- During the chairman's absence or unavailability for performance of duties, the substitution shall be duly handled in accordance with Article 208 of the Company Act.

Chapter Five Managerial officers

- Article XX The Company has managerial officers who shall be duly appointed, discharged and paid in accordance with Article 29 of the Company Act.

Chapter Six Accounting

- Article XXI The Company's fiscal year is beginning January 1 until December 31 of every calendar year. Upon closing of each fiscal year, the Board of Directors shall work out the following documents to be acknowledged by the shareholders' meeting in accordance with the laws:
1. Business report;
 2. Financial statements;
 3. Proposals of profit allocation or loss coverage.
- Article XXII Earnings (meaning the pretax earnings upon deducting employee and director compensation) derived from company fiscal audit of the current year, if any, shall have no less than a three percent allocated as employee compensation; and no more than a two percent allocated as director compensation. However, the Company, when still in a cumulative deficit, shall first set aside the redemption reserve funds.
- The foresaid employee compensation may be distributed by stock or cash, and the subjects of stock or

cash distribution may include the employees of parents or subsidiaries of the company meeting certain specific requirements.

The distribution of employee compensation and director compensation shall be heard by over two-thirds of the Board of Directors, be voted in favor for implementation by over one-half of the directors present and represented, and also be reported at the shareholders' meeting.

Article XXIII After closing of accounts, if there is earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. However when the legal reserve amounts to the paid-in capital, this shall not apply. Any residual earnings is subject to other government authorities-specified allocation or special earnings reserve, and the remaining should be combined with the previous period's cumulative undistributed earnings for the Board of Directors to propose an earnings distribution resolution, which to be presented at the shareholders' meeting for motioning to distribute the shareholders' dividends.

The company, when reporting no deficit, may distribute, the entire or a portion of the legal earnings reserve or capital reserve per legal stipulations, to distribute new shares or cash dividend in proportion to the shareholders.

The Company, in care of its overall operating condition, capital requirement, industry competitiveness, and shareholders' equity, may distribute the shareholders' dividends in cash or shares, of which the cash dividends may not be less than twenty-percent of the total dividend amount.

Article XXIV The organizational rules and operational rules shall be separately enacted.

Article XXV Any matters insufficiently provided for in these Articles of Incorporation shall be subject to the Company Act and other laws and ordinances concerned.

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; June 10, 2009 as the 30th amendment; June 10, 2009 as the 31st amendment; May 18, 2011 as the 32nd amendment; May 30, 2012 as the 33rd amendment; June 10, 2015 as the 34th amendment; June 15, 2016 as the 35th amendment; June 12, 2019 as the 36th amendment; June 16, 2020 as the 37th amendment; August 25, 2021 as the 38th amendment and June 15, 2022 as the 39th amendment.

Pacific Hospital Supply Co., Ltd. Shareholders' Meeting Procedure Rules

- Article I** These Shareholders' Meeting Procedure Rules are duly enacted by Pacific Hospital Supply Co., Ltd. (hereinafter referred to as the Company) in accordance with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies in an effort to set up sound shareholders' meeting governance system, assure sound supervisory functions and strengthen performance of sound management.
- The Company shall handle shareholders' meeting and shareholders' meeting related affairs exactly in accordance with these Shareholders' Meeting Procedure Rules unless otherwise prescribed the Articles of Incorporation or laws and ordinances concerned.
- Article II** The term "shareholders' meeting" as set forth herein includes regular meeting of shareholders and temporary (extraordinary) meeting of shareholders.
- The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.
- The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.
- The shareholders or the proxies authorized by shareholders (hereinafter "shareholders") shall present a certification for attendance, a sign-in card, or other qualified certification to attend the meeting, and the Company shall not require additional certificate without advance notice; the solicitor of proxies shall present ID certification for admittance.
- The Company shall furnish the attending shareholders or the proxies authorized by shareholders (hereinafter "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- Upon convening a shareholders' meeting, the Company shall hand over to the present shareholders the Handbook for the Shareholders' Meeting, Annual Report, attendance certificates, speaking floor notes, voting ballots and other documents for the meeting, as well as election ballots in case of directors election.
- In case of a shareholder as the government or a juristic (corporate) person, the number of its representative(s) is not confined to one. When a juristic (corporate) person is authorized to attend a shareholders' meeting, such juristic (corporate) person may appoint only one representative to attend the meeting.
- In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.
- In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform before the meeting starts.
- Article III** For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
- A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
- After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article IV

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

Changes to how the Company convenes a shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting.

In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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

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

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder proposal proposed for urging the Company to promote public interests or fulfill social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors, provided procedurally the number of items so proposed is limited only to one, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

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

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board

of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article V The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article VI Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company.

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

Article VII For a shareholders' meeting convened by the Board of Directors, the shareholders' meeting shall be chaired by the chairman. If the chairman is on leave or unavailable, the vice chairman shall act on his behalf. Where the chairman does not appoint a substitute, one director shall be elected from among themselves to act in the place.

If the meeting is chaired by a director pursuant to the former paragraph, the director shall have served as a director for over six months and shall have financial and business knowledge of the Company; the same qualifications shall also be met by the chairperson when the meeting is chaired by a representative of juristic (corporate) person as a shareholder.

A shareholders' meeting convened by the Board of Directors shall be chaired by the chairperson and shall be attended in person by a majority of the directors (including at least one independent director) and at least one member of other functional committees attend as representative.

In the event that a shareholders' meeting is convened by any other person beyond the Board of Directors having the convening right, such another person shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among themselves.

Article VIII The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s) or other personnel concerned to participate in the shareholders' meeting. The entire process of the meeting shall be videotaped and sound recorded which shall be archived for a minimum of one year or until after any litigious action is concluded in the event that a shareholder institute a litigious action in accordance with Article 189 of the Company Act.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

Article IX Where a shareholders' meeting is convened by the Board of Directors, the agenda shall be determined by

the Board of Directors and case-by-case voting shall be adopted for all the proposals (including extemporary motions and the amendment to the original proposal). The meeting shall be duly convened exactly in accordance with the scheduled agenda which shall not be changed unless resolved in the shareholders' meeting.

In the event that a shareholders' meeting is convened by any other person beyond the Board of Directors having the convening right, the provision set forth in the preceding paragraph is *mutatis mutandis* applicable.

Until the issues set forth in the agenda in the two preceding paragraphs (including extempore motions) are concluded, the chairperson shall not announce adjournment of the meeting. In the event that the chairperson violates the rules of the meeting by announcing adjournment of the meeting straightaway in such a manner, other members of the Board of Directors shall promptly help the present shareholders by electing another chairperson to preside over the meeting continually through a majority vote.

Article X A shareholder present in the shareholders' meeting shall fill out and submit the speech floor note which shall expressly bear the subject of a speech, shareholder account code (or code of the participation certificate) and name of the shareholder so that the chairperson may determine the order of the speeches. A present shareholder who does not speak after having submitted the speech note is deemed as having not delivered a speech.

Where the content set forth in the speech note is found inconsistent with the content of actual speech, the content of actual speech shall be counted.

Where a present shareholder speaks, other shareholders shall not speak or interfere with the speech unless having obtained consent from the chairperson and the speaking shareholder, otherwise the chairperson shall stop the offender from speaking.

Where a juristic (corporate) person shareholder appoints two or more representatives participating in the meeting, only one representative among them may be appointed to speak up.

After a present shareholder speaks, the chairperson shall reply in person or by appointing the relevant personnel to reply.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 4 do not apply.

Article XI On a same issue, each shareholder shall not speak more than twice unless agreed upon by the chairperson. Each speech shall not exceed five minutes.

Whenever a shareholder speaks beyond the aforementioned provision or beyond the specified issue, the chairperson may stop him or her from continual speaking.

Article XII Opportunities shall be given for proper explanation to and discussion over issues, and amendments and occasional (extemporaneous) motions proposed by shareholders, and the chairperson may, when considers a vote is proper to be made, announce conclusion of discussion, put the issue into vote for resolution forthwith and arrange adequate time for voting.

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

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

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

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days

before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided by law, regulation, and the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

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

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

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with regulations decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article XIV Voting in a shareholders' meeting shall be calculated based on the number of shares.

In the voting process of a shareholders' meeting, the number of shares which are not entitled to voting powers shall not be counted into the total of the outstanding shares.

The number of shares not entitled to voting power shall not be counted into the voting power of the present shareholders.

Except for a trust business or an agent for stock affairs which has been approved by the competent authority of securities, when a proxy is authorized by two or more shareholders simultaneously, the total voting powers in his/her proxy shall not exceed 3% of the total voting powers based on the issued shares. The excess in the voting power shall be discarded, if any.

Article XV In a shareholders' meeting, a shareholder shall not join the voting process on an issue where he or she is involved in interests that are likely to impair the Company's interests and shall not exercise the voting power for and on behalf of another shareholder.

The number of shares where the holder cannot exercise the voting powers as mentioned in the preceding paragraph shall not be counted into the number of voting powers of the present shareholders.

Article XVI Election of directors shall be duly handled in a shareholders' meeting in accordance with the election rules concerned enacted by the Company. The outcome of the election shall be announced on-the-spot.

The ballots of election mentioned in the preceding paragraph shall be duly signed by the scrutinizer and be put into sound custody for a minimum of one year or until after the litigious action is concluded in the event that a shareholder institute a litigious action in accordance with Article 189 of the Company Act.

- Article XVII The staff serving in a shareholders' meeting venue shall wear identification certificates or armbands. The chairperson may command the disciplinary personnel (or security personnel) to help maintain the order of the venue. The disciplinary personnel so appointed shall bear "disciplinary personnel" armbands. Where a loudspeaker is provided in the shareholders' meeting venue, the chairperson shall stop a shareholder who is speaking through a loudspeaker equipment not provided by the Company. Where a shareholder violates the meeting rules or disobeys the chairperson in the disciplinary instruction, or where a shareholder impedes the meeting in progress and challenges the disciplinary order, the chairperson may command the disciplinary or security personnel to have the offender ejected from the site.
- Article XVIII During the process of a shareholders' meeting, the chairperson may announce a recess in due time. Upon the occurrence of force majeure, the chairperson may rule temporary suspension from the process and may announce the time to resume the meeting as the actual requirements may justify. In the venue for the shareholders' meeting cannot be continually used until the issues arranged in the agenda (including extempore motions) are concluded, another venue shall be arranged to continue the meeting as resolved in the shareholders' meeting. In accordance with Article 182 of the Company Act, a decision may be resolved in a shareholders' meeting to postpone or to renew the meeting within five days.
- Article XIX Minutes shall be duly worked out to cover decisions resolved in a shareholders' meeting. The minutes shall be signed, or affixed seal by the chairperson and shall be served to all shareholders within twenty days after the meeting. The minutes may be worked out and served by electronic means or through input into the Market Observation Post System (MOPS). The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and voting results (including the total number of votes). With respect to the election of directors, the total number of votes for the elected directors shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company. Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes. When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.
- Article XX On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform before the meeting starts. During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting. When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taipei Exchange Market regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.
- Article XXI Any matters insufficiently provided for herein shall be subject to the Company Act, the Company's Articles of Incorporation, Regulations Governing the Administration of Shareholder Services of Public Companies and other laws and ordinances concerned.
- Article XXII These Regulations and any amendment hereof shall be implemented after being resolved in the shareholders' meeting.

Pacific Hospital Supply Co., Ltd.

Information on Shareholder Proposals

- I. As expressly provided for in Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and the number of words of a proposal to be submitted shall be limited to not more than three hundred (300) words. Accordingly, the Company accepted written proposals from shareholders starting from March 1, 2024 to March 11, 2024, 5:00 p.m.
Location for accepting proposals: 4F, No. 160, Daye Road, Beitou District, Taipei (The Company's Board of Directors).
- II. As of March 11, 2024, 5:00 p.m., the Company had received no application from shareholders to exercise the right of proposal.
- III. The proposals submitted by shareholders but not included in the agenda of the meeting: N/A.

Pacific Hospital Supply Co., Ltd.
Current Shareholding of Directors

Total number of shares: 72,600,000

Date: April 16, 2024

Title	Name	Current shareholding	
		Shares	% of the total issued shares
Chairperson	An-Ting Chung	4,709,678	6.49%
Director	Yi De Co., Ltd. (Representative: Stanley Chen)	4,047,000	5.57%
Director	Yi Sheng Co., Ltd. (Representative: Tim Chiang)	3,254,000	4.48%
Independent Director	Vance Chin	0	0.00%
Independent Director	Adrian Chang	0	0.00%
Independent Director	Zhi-Jun Zhan	0	0.00%
Independent Director	Cherie Lin	0	0.00%
Number of shares held by all directors		12,010,678	16.54%

Note: As the Company has a majority of independent directors and has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for directors do not apply.