

## PharmaEngine, Inc.

### Rules of Independent Director's Scope of Duty

Enactment date: September 30, 2011

#### **Article 1 Basis for these Rules**

To ensure good corporate governance and establish a sound independent director system, these Rules are established pursuant to Article 26, paragraph 1 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

#### **Article 2 Scope of Application for these Rules**

The responsibilities and related matters of the independent directors of the Company shall be handled in accordance with the provisions of these Rules, except otherwise provided by laws or regulations or by the Articles of Incorporation.

#### **Article 3 Scope of Responsibilities**

The following matters shall be submitted to the Board of Directors for resolution. When an independent director has an objection or reservation, it shall be noted in the minutes of the board meeting; if an independent director cannot attend the board meeting in person to express his or her objection or reservation, he or she shall provide a written opinion in advance unless there are valid reasons for failure to do so, and the opinion shall be recorded in the board meeting minutes.

- (1) Corporate business plans.
- (2) Annual financial reports and semi-annual financial reports.
- (3) Review of the adoption of or amendment to the internal control system.
- (4) Review of the adoption of or amendment to handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (5) A matter involving the personal interest of a director or a supervisor.
- (6) A material asset or derivatives transaction.
- (7) A material monetary loan, endorsement, or provision of guarantee.
- (8) The offering, issuance, or private placement of any equity-type securities.
- (9) The hiring, discharge, or compensation of a certified public accountant.
- (10) The appointment or discharge of a financial, accounting, or internal audit officer.
- (11) Any matter required by any other law, regulation, or Articles of Incorporation to be approved by resolution at the shareholders' meeting or submitted to the board meeting or any significant matter prescribed by the competent authority.

#### **Article 4 Liability Insurance**

The Company may purchase liability insurance for independent directors.

#### **Article 5 Remuneration**

The Company shall set the remuneration of the independent directors in its articles of incorporation or by a resolution of a shareholders meeting, and may consider providing

a reasonable level of remuneration different from that of ordinary directors and supervisors.

**Article 6 Continuing Education**

All independent directors of the Company shall pursue continuing education, including attending the relevant training courses as required.

**Article 7 Access to Information**

The Company or other members of the Board of Directors shall not obstruct, refuse, or avoid the performance of duties by independent directors. As they deem necessary for business execution, independent directors may request the Board to appoint relevant personnel or to hire professionals for assistance. The expenses necessary for engaging such professionals and for other independent directors to exercise their duties shall be borne by the Company.

**Article 8 Enforcement**

The Rules shall be implemented after being approved by the Board of Directors. The same procedure shall be followed when the Rules are amended.