



## **X-LEGEND Entertainment Corp.**

### **Rules for Election of Directors and Supervisors**

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Article 1: In order to establish the rules for election of directors and supervisors and to complete the election successfully, the Company's election of directors and supervisors shall apply the Rules, unless the directors and supervisors shall be elected altogether upon resolution of a shareholders' meeting. Any matters not provided herein shall be handled in accordance with the Company Law and other relevant laws.

Article 2: The Company's election of directors shall take the overall layout of the board of directors into consideration. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
  2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.
- The board members shall have the knowledge, competence and qualification required to meet their duties. They shall possess the following capabilities:
1. Capability to judge the operation.
  2. Capability to analyze accounting and finance.
  3. Utility.
  4. Capability to manage risk.
  5. Industrial knowledge.
  6. Global view on market.
  7. Leadership.
  8. Capability to make decision.

No more than a half of relationship of spouses and relatives by blood within the second degree of kinship shall exist among the Company's directors.

The Company's board of directors shall consider adjusting its composition based on the results of performance assessments.



Article 3: The Company's supervisors shall meet the following qualifications:

1. Creditability and honesty.
2. Fair judgment.
3. Expertise.
4. Plentiful experience.
5. Ability to read financial statements.

In addition to the qualifications referred to in the preceding paragraph, at least one of the supervisors shall be specialized in accounting or finance.

The Company shall refer to the requirements about independence defined in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies to elect competent supervisors and enhance the management of risk, the control of finance and operation over the Company.

No relationship of spouses and relatives by blood within the second degree of kinship shall exist for one or more seats among the Company's supervisors or between supervisors and directors.

The supervisors shall not assume directors, managerial officers or other officers in other companies concurrently. At least one supervisor shall have residence domestically to help them exercise their power as supervisors in a timely manner.

Article 4: The qualifications of the Company's independent directors shall meet Article 2, Article 3 and Article 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

The election of the Company's independent directors shall meet Article 5, Article 6, Article 7, Article 8 and Article 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and shall be conducted in accordance with Article 24 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".

Article 5: The election of the Company's independent directors shall apply the candidate nomination system defined in Article 192-1 of the Company Law. It is advisable that the company review in advance the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to the director or supervisor candidates recommended by shareholders or directors, and the company may not arbitrarily add requirements for documentation of other qualifications.



It is advised to provide the results of the review to shareholders for their reference, so that qualified directors or supervisors will be elected.

Where any director is discharged with causes and the directors are less than five seats, the Company shall fill the vacancy by reelection at the most recent shareholders' meeting. Nevertheless, if the vacancy amounts to one-thirds of the seats defined in the Articles of Incorporation, the Company shall call a special shareholders' meeting to reelect the directors within 60 days upon occurrence of the situation.

In the case of independent directors less than the number as required, the Company shall fill the vacancy by reelection at the most recent shareholders' meeting in accordance with Paragraph 1 of Article 14-2 of the Securities and Exchange Act, the relevant requirements referred to in the Guidelines Governing Review of Listing at TWSE or Item 8 of Paragraph 1, Article 10 of the Rules Governing the Review of Securities for Trading on the GTSM about the circumstances under which the trading on the GTSM should not be permitted. If any independent director is discharged, the Company shall call a special shareholders' meeting to reelect the independent director within 60 days upon occurrence of the situation.

Where any supervisor is discharged with causes and the independent directors are less than the number referred to in Articles of Incorporation, the Company shall fill the vacancy by reelection at the most recent shareholders' meeting. If all supervisors are discharged, the Company shall call a special shareholders' meeting to reelect the supervisors within 60 days upon occurrence of the situation.

Article 6: The Company's directors and supervisors may be elected in cumulative voting method. Unless otherwise provided in laws, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for two or more candidates.

Article 7: Before the election, the chairperson shall designate several workers dedicated to scrutiny and counting of votes for any motion, who shall be assumed by shareholders, to perform their duties. The ballot box shall be prepared by the board of directors, and shall be opened to the public by the scrutineers before the voting.

Article 8: The board of directors shall prepare election ballots of the number equal to the number of the directors and supervisors that shall be elected, bearing the number of the electing



rights. The election ballots shall be distributed to the shareholders who are present at the shareholders' meeting, and the names of the elected may be replaced by the codes of the shareholder attendance certificates printed on the ballots.

Article 9: The Company shall duly elect directors and supervisors from persons with disposing capacity at the shareholders' meeting. The Company's directors and supervisors shall be elected from among the candidates who have more ballots represented by voting rights in order of the overall numbers, within the quota pursuant to the Articles of Incorporation. In the event that two or more candidates have the same number of ballots and the number of candidates exceeds the specified quota, the candidates who have the same number of ballots shall draw lots to determine the election results. In the event that a candidate is absent, the chairperson may draw a lot for and on his/her behalf. Where a candidate is simultaneously elected both a director and a supervisor, he or she shall choose to be either director or supervisor at his or her discretion. The seat vacated because the personal information of elected director or supervisor is found inconsistent or the elected director or supervisor is held incompetent pursuant to the relevant laws shall be filled by the candidate who has the next greatest number of ballots.

Article 10: Where the candidate is a shareholder, the elector shall expressly enter the account name and account number of that candidate into the box of "candidates" on the ballot. Where the candidate is not a shareholder, the elector shall expressly enter the name and ID card number of that candidate. Where the candidate is the representative assigned by juristic person or government shareholder, the elector shall expressly enter the name or title of the juristic person or government shareholder or the name or title of the juristic person or government shareholder and the name of that representative into the box of "candidates" on the ballot. In the event of several representatives, the representatives' names shall be entered or filled out respectively.

Article 11: An election ballot is deemed null and void under any of the following circumstances:

1. Where the elector does not use the election ballot prepared by the board of directors.
2. Where a blank election ballot is cast into the ballot box.
3. Where the ballot is illegible, unidentifiable, or altered.
4. The account name and account number of the candidate who is a shareholder is found inconsistent with that identified in the roster of shareholders, or the name and ID No. of the candidate who is a person other than a shareholder is found inconsistent upon



check.

5. Other than the account name (or the name) or account No. (or the ID No.) of the candidate and distributed rights to vote, the ballot is found having borne other wording.
6. The name of the candidate as identified is identical with another shareholder's, while no shareholder's account number or ID No. is identified on the ballot.

Article 12: The ballot result shall be announced immediately at the end of the voting. The chairperson shall announce the name list of elected directors and supervisors and their votes received on the site.

Ballot of the election in the preceding paragraph shall be kept by the tellers after sealed at least one year. However, when legal action duly instituted by shareholders according Article 189 of the Company Act, it shall be kept till the legal action ended.

Article 13: The Company shall issue “Notices of Being Elected” to the directors and supervisors who are elected in the election.

Article 14: The Rules shall be enforced upon resolution of the board of directors and approval of a shareholders' meeting. The same shall apply where the Rules are amended.