

# Articles of Incorporation of X-LEGEND Entertainment Corp.

## Chapter I. General Provisions

- Article 1 The Company is incorporated under the Company Law of the Republic of China and named “傳奇網路遊戲股份有限公司”. The Company's English name is X-LEGEND Entertainment Co., Ltd.
- Article 2 The Company's business lines include:
1. CC01110 Computer and peripheral devices manufacturing
  2. F118010 Information software wholesale
  3. F218010 Information software retail
  4. F401010 International trading
  5. F601010 Intellectual property right
  6. I103060 Management consultation
  7. I301010 Information software service
  8. I301020 Information processing service
  9. I301030 Electronic information supply service
  10. I401010 General advertising service
  11. IZ13010 Online certification service
  12. ZZ99999 Any business not prohibited or restricted by laws or regulations, except for those that require special permission.
- Article 3 In order to meet the need for business, the Company may reinvest in other enterprises and act as the limited liability shareholder for another company subject to resolution of the board of directors. The Company's total investment amount may be free from the restriction referred to in Article 13 of the Company Law for no more than 40% of the Company's paid-in capital.
- Article 4 The Company may make endorsements/guarantees for others due to business.

Article 5 Unless under the circumstances referred to in Article 15 of the Company Law, the Company shall not loan funds to any of its shareholders or any other person.

Article 6 The Company's head office is based in Taipei City and may, when necessary, set up branch offices within and outside of the territory of the Republic of China according to the resolution adopted at the board of directors meeting.

Article 7 The Company shall make public announcement, if any, in accordance with Article 28 of the Company Law.

## **Chapter II. Capital Stock**

Article 8 The total registered capital stock of the Company shall be Two Billion New Taiwan Dollars, divided into Two Hundred Million shares, with a par value of Ten New Taiwan Dollars, and the unissued shares are authorized to be issued by the Board of Directors in installments.

Article 9 The revocation of public offering of any of the Company's shares already offered in public, if any, shall be proposed to the shareholders' meeting for resolution.

Article 10 The stock certificates of the Company shall be registered and issued after being signed or sealed by no less than three Directors of the Company and after being authenticated pursuant to laws. It is not necessary for the Company to print the stock certificates after public offering of the stock, provided that it shall be registered at a central custody of securities. The same shall apply where the Company proceeds with public offering of any other securities.

The Company shall appoint a central custody institution of securities to register or keep the issued stock referred to in the preceding paragraph. The custody institution may ask the Company to merge the stock and issue jumbo certificates.

Article 11 Alteration to the roster of shareholders shall be suspended within the time limits specified in Article 165 of the Company Law.

The Company's shareholder services shall be handled in accordance with the Company Law, and the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority.

### **Chapter III. Shareholders' Meeting**

Article 12 Shareholders' meetings of the Company are categorized as the general shareholders' meetings and special shareholders' meetings. The general shareholders' meeting shall be convened at least once a year by the Board of Directors within six months of the end of each fiscal year pursuant to laws. The special shareholders' meeting may be convened pursuant to laws whenever necessary.

The notice of general shareholders' meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date, and the notice of special shareholders' meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date, in order to notify each shareholder of the date & place of meeting and causes of the meeting to be convened. The notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

Article 13 A shareholder who is unavailable to attend a shareholders' meeting in person may appoint a proxy to attend the shareholders' meeting on his behalf, with a power of attorney form specifying the scope of power duly printed by the Company, signed or sealed by the shareholder. Unless the requirements referred to in the preceding paragraph shall apply, the use of proxies for attendance at a shareholders' meeting upon the Company's public offering shall apply the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 14 The chairman of board shall act as the chairperson of a shareholders'

meeting. Where the chairman is on leave or for any reason is unable to exercise his power, Article 208 of the Company Law shall apply.

Article 15 Shareholders of the Company shall be entitled to one vote for each share, unless the restricted stock or under the circumstances referred to Paragraph 2 in Article 179 of the Company Law.

Article 16 Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Law, be adopted by a majority of voting rights of the present shareholders who represent a majority of the total issued and outstanding shares. Exercising voting rights through electronic-voting is deemed as attendance in person. Related matters shall be handled in according with the law and regulations.

Resolutions at a shareholders' meeting shall be recorded in the minute which shall specify the year, month, day and place of the meeting, name of the chairperson of the meeting, methods to make resolutions, gist and result of the parliamentary procedure, number of present shareholders and proxies, and shall be signed or sealed by the chairperson and distributed to each shareholder within 20 days after the meeting. The minute shall be maintained permanently when the Company is surviving.

The production and distribution of the minute referred to in the preceding paragraph shall be carried out in accordance with Article 183 of the Company Law.

#### **Chapter IV. Directors & Supervisors**

Article 17 The Company shall have 5~7 directors and 2~3 supervisors shall be conducted in accordance with the candidate nomination system and to be elected from the name list of independent director candidates at a shareholders' meeting by the shareholders at the shareholders' meeting. The term of office for the directors/supervisors shall be three years and shall be eligible for re-elections.

The election of directors is adopted by candidate nomination system and shall be set up no less than two independent directors, who shall be no less than one-fifths of the director seats. The competency, shareholding, restrictions

on concurrent jobs, nomination and election, and other requirements to be complied with concerning the independent directors shall be handled in accordance with the competent securities authority's relevant laws and regulations. The independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

The Company's directors and supervisors shall be elected through cumulative voting. The number of votes exercisable in respect of one share shall be the same as the number of directors or supervisors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director or supervisor elected. Where it is necessary to amend the said approach, Article 172 of the Company Law shall apply, and the explanation of the material contents shall be specified in the causes for calling the meeting.

Article 18 The directors constitute the board of directors. Upon resolution of a majority in a meeting attended by over two-thirds of the directors, the chairman shall be elected among the directors, and once vice chairman of the board shall also be elected among the directors in the same manner. The chairman of the board of directors shall externally represent the Company and internally execute the Company's business pursuant to laws, these Articles and resolutions of shareholders' meetings and board of directors meetings.

In calling a board of directors meeting, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director and supervisor no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The notice may be served in writing or via email or fax.

Article 19 Where the chairman is on leave or for any reason fails to exercise his power, his proxy shall be appointed in accordance with Article 208 of the Company Law.

Each director shall attend the meeting of the board of directors in person.

Where any director fails to attend the meeting with causes, he may appoint another director to act as his proxy. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of another director only. Where the board of directors meeting is held in the form of video conference, the directors who attend the video conference shall be deemed attending the meeting in person.

Article 20 Unless otherwise provided for in the Law or the Articles of Incorporation, resolutions of the board of directors shall be adopted by a majority of the directors present at a meeting attended by a majority of the whole directors.

Article 21 After the Company's public offering, the total registered shares owned by the directors and supervisors of the Company shall be handled in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the competent authority.

Article 22 When the vacancies on the board of directors exceed one third of the total number of directors or all supervisors are terminated from their positions, the board of directors shall call, within 30 days, a special shareholders' meeting to elect succeeding directors to fill the vacancies and fulfill the unexpired term of office of the predecessor. However, after the Company's public offering, if any, the special shareholders' meeting for electing succeeding directors or supervisors shall be convened by the board of directors within 60 days.

When an independent director is dismissed for any reason (including resignation, discharge and expiration of term of office, et al.), resulting in a number of directors lower than that required under the Company's Articles of Incorporation, a by-election for independent director shall be held at the most recent shareholders' meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders' meeting to hold a by-election within 60 days from the date on which the situation arose.

Article 23 Supervisors may exercise their rights to supervise independently pursuant to laws and also attend the board of directors meeting to state their opinion, while they have no voting right.

Article 24 In case election of new directors/supervisors cannot be effected in time after expiration of the term of office of existing directors/supervisors, the existing directors/supervisors shall continue to perform their duties until the new directors/supervisors elected have assumed their office as directors/supervisors.

Article 25 The remuneration to the Chairman, directors and supervisors shall be resolved by the Board of Directors subject to the directors'/supervisors' involvement in the Company's operation and contribution to the Company and in accordance with the standard in the same trade. The earnings retained by the Company, if any, shall be distributed in the manner referred to in Article 29 herein.

Article 26 The Company may purchase the liability insurance for directors and supervisors during their tenure against the indemnity to be borne by them in the scope of business carried out by them pursuant to laws.

## **Chapter V. Managerial Officers**

Article 27 The Company may have several managerial officers. The appointment, removal and remuneration of the managerial officers shall be subject to Article 29 of Company Law.

## **Chapter VI. Accounting**

Article 28 At the end of each fiscal year, the Board of Directors shall prepare the following documents and, forward the same to the supervisors for audit and submitting the audit report no later than the thirty days prior to the meeting date of the general shareholders' meeting.

1. Business report
2. Financial statements
3. Proposal for distribution of earnings or losses coverage

Article 29 The Company shall allocated the remaining profits (the Profits of Pre-Tax Income before deducting the compensation of employee, directors and supervisors) for employee compensation between 2% and 10%, and no more than 1% of the profits for the directors and supervisors' compensation. But if the Company has accumulated losses, the amount for covering losses shall be reserved in advance.

Employee compensation in preceding paragraph could be distributed in the form of shares or in cash, including the employees of subsidiaries of the Company meeting certain specific requirements.

The allocate of employee, directors and supervisors compensation shall be excised by a resolution adopted by majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, and shall be submitted to the shareholders' meeting.

Article 30 The earnings retained by the Company according to the annual final account, if any, shall be allocated in the following manners:

1. Payment of tax
2. Offset prior year losses
3. 10% set aside as legal reserve and contribute or reverse special reserve pursuant to laws, unless the accumulated legal reserve amounts to the Company's total capital.
4. The balance, less the total amount above, plus prior period accumulated undistributed earnings as the accumulated distributable retained earnings, the dividend payout ratio shall be 50 to 100 percent, which should be distributed pursuant to the motion for allocation of earnings prepared by the board of directors and resolved at a shareholders' meeting.

In order to meet the need for business development and industrial growth, the Company's future dividend policy will measure the funding need based on the budget for capital expenditure, and the Company may allot dividend in the form of cash dividend or stock dividend, provided that the cash dividend shall be no less than 10% of the total dividends. Said allocation of earnings shall be proposed by the board of directors to the shareholders'

meeting for approval.

Article 31 The board of directors may establish the remuneration committee or any other functional committee to meet the Company's business needs.

### **Chapter VII. Bylaw**

Article 32 Any matters not provided in these Articles of Incorporation shall be governed by the Company Law.

Article 33 The Articles were enacted on January 2, 2002.  
1st amendments thereto were made on April 21, 2003.  
2nd amendments thereto were made on September 29, 2006.  
3rd amendments thereto were made on October 20, 2008  
4th amendments thereto were made on July 28, 2009.  
5th amendments thereto were made on August 16, 2010.  
6th amendments were made on June 24, 2011.  
7th amendments were made on June 27, 2012.  
8th amendments were made on June 26, 2014.  
9th amendments were made on June 22, 2016.  
10th amendments were made on June 27, 2018.

X-LEGEND Entertainment Corp.

Chairman: Chang Feng-Chi (張峰旗)