



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

### **Code of Ethical Conduct**

Date of Preparation: 2012/04/23  
Date of Revision: 2015/03/09

#### Article 1: Purpose

The Company prepares the Code in order to provide the rules for ethical conduct to be followed by the Company's directors, supervisors and managerial officers when they are engaged in operating activities on behalf of the Company ex officio to prevent any unethical conduct from injuring the benefit of the Company and shareholders and enable the Company's interested parties to know more about the Company's ethical standards.

#### Article 2: Scope of codes

The Code is applicable to the Company's directors, supervisors and managerial officers (including the president and equivalents, vice president and equivalents, assistant vice president and equivalents, financial dept. supervisors, accounting dept. supervisors, and other persons empowered to manage the Company's business and sign instruments on behalf of the Company).

#### Article 3: Contents

##### 1. Prevention of conflict of interest

- (1) The Company's directors should adhere to the self-disciplined rules, and would rescue themselves from voting at a directors' meeting if any motion submitted at the meeting is in conflict of interest involving themselves or the juristic persons they represent or should, subject to their own judgment or according to the resolution of a directors' meeting, be avoided, they should not vote for the motion or exercise the voting right on behalf of another director, and no support shall be made among the directors.
- (2) When it is impossible for a director, supervisor or managerial officer to deal with business in an objective and effective manner, or the director, supervisor or officer aware that some important transaction and relation might result in personal conflict of interest, shall explain the potential conflict of interest between him and the Company and record the explanation voluntarily at the management meeting or directors' meeting.
- (3) When any director, supervisor or managerial officer has his/her spouse, parents,



children or relatives within the second tier under the Civil Code, or himself/herself take part in or trade with the Company, due to his/her job position and power, shall explain the potential conflict of interest between him/her and the Company and record the explanation voluntarily at the management meeting or directors' meeting.

- (4) The Company shall particularly note the funding or guarantee making, trading of substantial assets and purchases (or sales) between the Company and any affiliate which a director, supervisor or managerial officer is subordinated to, and define the policy to prevent the conflict of interest resulting from intervention or potential intervention of personal interest into the Company's entire interest to provide the director, supervisor or managerial officer with the adequate channel via which he/she may explain whether there is conflict of interest between him/her and the Company voluntarily.

## 2. Avoid the chance for seeking personal profit

- (1) Directors, supervisors and managerial officers shall avoid the chance to seek personal profit and seeking unjust personal benefit by means of the Company's property, information or their job responsibilities.
- (2) The directors, supervisors and managerial officers shall fulfill ethical business principles and exercise the due care of a good administrator, and shall be responsible for increasing the just interest desirable by the Company when there is a chance.
- (3) The directors, supervisors and managerial officers who know the Company's internal and business secrets upon participation in the decision made at a directors' meeting or management meeting shall avoid competing with the Company.

## 3. Confidentiality obligations

- (1) The directors, supervisors and managerial officers who know the Company's internal and business secrets upon participation in the decision made at a directors' meeting or management meeting shall be obligated to keep the secrets in confidence.
- (2) The directors, supervisors and managerial officers shall be obligated to keep the information about the Company or the customers/suppliers in confidence, unless the information is required to be disclosed with authorization or under laws.
- (3) The information to be kept in confidence also includes any undisclosed information which might injure the Company or its customers if it is used by any competitor, or disclosed.



#### 4. Fair business

The directors, supervisors or managerial officers shall treat the Company's suppliers/customers, competitors and employees fairly, and be prohibited from seeking unjust enrichment via manipulation, concealment, abuse of the information known by them ex officio, misrepresentation about major events, or unfair business.

#### 5. Protect and fair use of the Company's assets

(1) The directors, supervisors and managerial officers shall be responsible for protecting the Company's assets and ensure that the assets may be utilized for business validly to prevent the assets from being stolen, ignored or wasted, thereby affecting the Company's profitability.

(2) The Company's asset management shall follow the Company's "Property, Plant and Equipment Circulation" and other operating procedures related to the "property management operation".

#### 6. Compliance of laws and regulations

The directors, supervisors and managerial officers shall comply with the Company's internal control requirements, the Securities & Exchange Act and other relevant laws and regulations.

#### 7. Any complaint against illegal activities or activities against the Code of Ethical Conduct is encouraged.

The Company shall enhance the promotion of the concept about ethical conduct internally, and encourage employees to report to the supervisors, managerial officers, internal audit supervisors or other competent staff upon suspicion or awareness of any activities against laws or the Code of Ethical Conduct. In order to encourage employees to report any misconduct, the Company should set specific report system and enable employees to realize that the Company will spare no effort to protect their safety and prevent from being retaliated.

(1) The Company shall enhance the promotion of the concept about ethical conduct internally, and install the employees' opinion box to encourage the employees to file a complaint anonymously the ground of the facts aware by them through stating the facts in their letters and sending the letters to the box, then the internal audit supervisor or other competent supervisors will take care of the complaint; or the employees may report the case to supervisors or managerial officers directly.

(2) The Company's relevant staff will make every endeavor to keep the employees' complaints in confidence and protect the employees' safety to prevent them from being retaliated by others.



## 8. Discipline

- (1) The directors, supervisors and managerial officers who are suspected of violating the government laws and regulations will be pursued the criminal liability, civil liability and damages by the relevant department/committee pursuant to laws, and the managerial officer might receive the severest discipline, i.e. dismissal from office, in accordance with the work rules.
- (2) If the directors, supervisors and managerial officer who violate the Code may bear the burden of proof, they may file a complaint immediately and submit the relevant documentary evidence to the management meeting or directors' meeting for discussion and resolution.
- (3) If the misconduct is sustained upon a court's trial or breach of the Code is sustained upon resolution of the management meeting or directors' meeting, and a decision is rendered, the Company shall disclose the date of breach, fact, violated principles and status of response thereto on the M.O.P.S. immediately. The Company shall also set complaints system to provide ways to remedy a violation by who violate the Guidelines of Codes of Ethical Conduct.

### Article 4: Procedures applicable to exemption

The directors', supervisors' and managerial officers' exemption from compliance with the Company's Code of Ethical Conduct shall be subject to the resolution of the directors' meeting, and the Company shall disclose the date of resolution of the directors' meeting, the dissenting opinion or qualified opinion of an independent director, duration of the exemption, causes for the exemption and principles applicable to the exemption, to help shareholders evaluate whether the resolution made by the directors' meeting is adequate, stop arbitrary or suspected exemption from compliance with the Code, and ensure that the exemption from compliance with the Code is managed under the adequate control mechanism to protect the Company.

### Article 5: Mode of disclosure

The Company shall disclose the code of ethical conduct defined by it in the Company website, annual report, prospectus, and on M.O.P.S. The same shall apply where the Code is amended.

Article 6: The Code shall be enforced upon resolution of the board of directors, and submitted to each supervisor and proposed to a shareholders' meeting. The same shall apply where the



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X-LEGEND ENTERTAINMENT CO.,LTD.

Code is amended.