



X-LEGEND Entertainment Corp.

Ethical Business Best-Practice Principles

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Article 1: Purpose

In order to establish the enterprise culture and well-founded development for ethical business and to establish the fair business operation, the Company hereby defines the Principles.

Article 2: Scope of Principles

The Principles may also apply to the subsidiaries, and such group companies and entities as corporations donating fund more than 50%, directly or indirectly, and other entities or corporations with substantial control (hereinafter referred to as “the group companies and entities”).

Article 3: Unethical conduct

The Company's directors, supervisors, managerial officers, employees, mandataries or person with substantial control (hereinafter referred to as “the Company's staff”) shall not, directly or indirectly, offer, promise, ask for or receive any unjust enrichment, or commit any unethical conduct against the ethical business, misconduct, or conduct in breach of trust to seek or maintain profit when engaging in any business conduct.

The subjects of the conduct referred to in the preceding paragraph include public servants, candidates, parties or party crew, and any public or private enterprises or entities and directors, supervisors, managerial officers, employees, substantial holders or other interested parties thereof.

Article 4: Compliance of laws

The Company complies with the Company Law, Securities and Exchange Act, Business Accounting Law, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations governing TWSE/GTSM listed companies or any other laws and regulations about business conduct, in order to fulfill the ethical business.



Article 5: Drafting and execution of the Company's policy

The Company adheres to the management philosophy valuing integrity, transparency and responsibility and prepares the policy oriented toward ethical business and also establishes the fair corporate governance and risk control mechanism, in order to create the suitable operating environment for sustainable development.

The Company's staff will urge the Company to prevent any unethical conduct with due diligence as a good administrator, and will review the status and improvement thereof, to ensure the fulfillment of ethical business policy.

In order to well found the ethical business management, the Company has its audit unit that is under the board of directors responsible for preparation and supervision of the ethical business policy and prevention program. The dedicated unit is in charge of the following matters, and reporting to the Board:

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 6: Prevention program

The Company shall in our own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the program for prevention of unethical conduct.

In the course of developing the prevention programs, the Company shall negotiate with



staff, labor unions members, important trading counterparties, or other stakeholders.
The Company's staff shall comply with Articles 7 to 17 herein.

Article 7: Prevention of supply or acceptance of unjust enrichment, and operational procedures

The Company's staff shall comply with the relevant laws and the prevention program defined herein when performing duties, and shall apply the following operational procedures. The staff shall be prohibited, directly or indirectly, from customers, agents, contractors, suppliers, public servants or other interested parties providing, promising, asking for or accepting any unjust enrichment.

Where any person provides or promises to provide the Company's staff unjust enrichment, directly or indirectly, the staff shall return or refuse and report to his/her immediate supervisor.

Article 8: Prevention of illegal political donation and operational procedures

The Company's donation to political parties, organizations or individuals participating in the political activities, direct or indirect, shall comply with the Political Donations Act and the Company's relevant internal operational procedures, and shall apply the following procedures to avoid seeking business profit or favors for trading.

1. To verify that the donation complies with the laws and regulations related to political donations prevailing in the country where the receiver of the political donations is located, including the limit and mode of the political donations.
2. The decision making shall be recorded in writing.
3. The political donations shall be stated into account pursuant to laws, regulations and related accounting procedures.
4. Please avoid engaging in business trades or applying for permit with the relevant government entities, or handling any other matters involving the Company's interest with the government entities, when providing political donations.

Article 9: Procedures for prevention of unjust charity donations or sponsorship

The Company's charity donations or sponsorship shall comply with the relevant laws and regulations and internal procedures, and shall apply the following procedures to avoid bribery under disguise.

1. To comply with the laws and regulations prevailing in the jurisdiction where the Company is operating.
2. The decision making shall be recorded in writing.



3. The subject of the charity donations shall be a charity organization. No bribery under disguise is permitted.
4. The feedback gained after the sponsorship should be definite and reasonable. No sponsorship shall be granted to the Company's trading counterparts or any individual interested with the Company's staff.
5. After the charity donations or sponsorship, please verify the purpose for the fund matches the donations.

Article 10: Unreasonable gifts, entertainments, or other unjust enrichment

The Company's staff shall not provide or accept, directly or indirectly, any unreasonable gifts, entertainments or other unjust enrichment intended to establish business relations or affect the trading.

Article 11: Infringement of intellectual property rights

The Company's staff shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 12: Engaged in acts of unfair competition

The Company's staff shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 13: Damage interest parties for products and services

In the course of research and development, procurement, manufacture, provision, or sale of products and services, The Company's staff shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, the company's products and services. The company shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to



determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 14: Avoidance of conflicts of interest

The directors shall be self-disciplined absolutely. When the personal benefit or the interest of the directors, supervisors, managers, and other stakeholders attending or present at board meetings the Company, is likely to prejudice the interests of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. All of the directors shall be self-disciplined and prohibited from providing inadequate support to each other.

Where the Company's staff find that some conflict of interest arising between themselves or the corporation represented by them and the Company when performing duties for the Company, should avoid enabling themselves or their spouses, parents, children or any other interested parties to gain unjust enrichment by means of their positions or job responsibilities or influence in the Company.

The Company's staff shall not use the Company's resources in any business activities other than those conducted by the Company, or affect their performance upon participation in the business activities other than those conducted by the Company.

Article 15: Non-disclosure of business secrets

The Company's staff shall strictly comply with the Company's operational procedures for business secrets and be prohibited from disclosing the Company's business secrets known by them to another person, inquiring or collecting the Company's business secrets irrelevant to their duties.

The Company's staff may ask any other organizations or personnel that are involved in the Company's merger, division, acquisition and transfer of share, important memorandum, strategic alliance and other business cooperation plans or important contracts to sign the non-disclosure agreement with the Company undertaking that they will not disclose the Company's business secrets or other important messages known by them to another person or use without the Company's prior consent.



Article 16: Ethical business activities

The Company shall engage in any business activities in a fair and transparent manner based on the principle of ethical management.

The Company's staff shall, before engaging in any business trading, consider the legitimacy or unethical business record of the agents, suppliers, customers or other trading counterparts, in order to avoid trading with anyone who is involved in unethical business record.

The Company's staff shall state the Company's ethical business policy and requirements to the trading counterparts in the process of business activities and shall definitely reject any supply, promise, request or acceptance of unjust enrichment in any form or under any name.

The contract concluded between the Company and its agents, suppliers, clients, or other trading counterparties, shall contain such provisions as compliance with the ethical business policy and the trading counterpart's unethical business conduct, if any, may result in termination or rescission of the contract at any time.

Avoid trading with anyone with unethical business record

Where the Company's staff find any trading counterpart or any partner engage in unethical conduct in the process of business conduct, they shall cease trading with the counterpart or partner immediately, and identify the same as the dishonored account to fulfill the Company's ethical business policy.

Article 17: Complaint system

Where the Company's staff finds any violations of ethical business requirements or circumstances involving ethical business, they shall file a complaint with the other directors, managerial officers, internal audit supervisors or other competent supervisors voluntarily. Any tip involving a director or senior manager shall be reported to the independent directors or supervisors.

The Company will keep the complainant's identity and contents of the complaint in confidence and investigate and process the complaint immediately. Documentation of case acceptance, investigation processes, investigation results, and relevant documents shall be completely kept. Once the unethical business is proven, the doer will be asked to cease the misconduct and disciplined in the following manners. Meanwhile, the Company will disclose the doer's job title and name, date of violation, violated contents and status of the case, et al. by public notice.



1. Where the Company's staff violates the Principles, they shall be disciplined depending on the circumstances, in accordance with the "Operational Procedures for Reward/Punishment" of the salary circulation under the internal control system and the relevant rules.
2. In the case of violation of relevant laws and regulations, the Company shall report the relevant facts to the juridical and prosecuting apparatus. Where any public entity or public servant is involved, it is necessary to notify the anti-corruption authority.
3. Where the Company's goodwill is injured therefore, the Company may claim damages through legal action, if necessary, to protect the Company's goodwill.
4. When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the complaint system shall immediately prepare a report and notify the independent directors or supervisors in written form.

The Company shall have the relevant units discuss about the related internal control system and procedures with respect to any proven unethical business, and propose the corrective action to prevent the same from arising again, and shall report the relevant unethical business, response thereto and follow-up corrective action to the board of directors.

Article 18: Accounting and internal control

The Company has established effective accounting system and internal control system toward the operating activities involving higher risk over unethical business, and retains no external account or secret account. Meanwhile, the Company will review the systems from time to time.

The Company's internal audit unit shall audit the compliance with the system referred to in the preceding paragraph periodically, and submit the audit report to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 19: Performance appraisal

The Company shall integrate the ethical business policy with the employee performance appraisal and human resource policy to establish a definite and valid reward/punishment and complaining system.

Article 20: Information disclosure and promotion



The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy, and also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion of its ethical business best-practice principles on the Company's website and in the annual report and prospectus and shall disclose its ethical corporate management best-practice principles on the Market Observation Post System. The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company shall organize the education training and promotion programs for the Company's staff, and ask the organizers to promote the same to the Company's trading counterparts to enable them to understand the Company's decision, policy and prevention program for ethical business and consequence of unethical business.

Article 21: Review and revision of policies and measures of ethical business best-practice principles

The Company shall keep watching the development in domestic/foreign ethical business-related regulations, and encourage its directors, supervisors, managerial officers and employees to provide their comments to help the Company discuss and improve the policies and measures of ethical business best-practice principles defined by the Company and upgrade the implementation of the Company's ethical business.

Article 22: The Principles 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 Principles are amended.

For the Company that has appointed any independent director, when the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.