



X-LEGEND Entertainment Corp.

Rules Governing Functions of Supervisors

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Article 1: Purpose

In order to ensure the Company's normal operation, establish an effective and strict supervision mechanism, exert the supervisors' functions, enhance the Company's internal self-governance ability, well found the Company's corporate governance system and fulfill the liability to maintain the benefit and right of the Company and all shareholders, the Company defines the Rules according to Chapter IV of the Corporate Governance Best-Practice Principles.

Article 2: Scope of application

When the Company's supervisors perform their duties and exercise their power, the Company shall work with them in accordance with the Rules, unless otherwise provided in laws or Articles of Incorporation.

Article 3: Scope of power

The supervisors shall carry out the business loyally and exercise the due diligence as a good administrator, and supervise the Company's business and operation conditions in a self-disciplined and discreet manner to maintain the benefit and right of the Company and shareholders.

Where the supervisors perform their duties against laws or Articles of Incorporation, or fail to perform their duties, and thereby cause damage to the Company, the supervisors shall be liable for the damages to the Company pursuant to laws.

Article 4: Exercise of right to supervise

Supervisors shall be familiar with the relevant laws and understand the directors' obligation, liability and rights, as well as various units' functions and operations, and shall attend the directors' meeting to supervise its operation and state his opinion in a timely manner to control or discover any extraordinary situation in advance.

When the supervisors exercise their powers respectively, they may call a meeting to exchange opinion with each other if necessary, in consideration of the entire benefit of the Company and shareholders, provided that each supervisor's right to exercise his power



independently shall not be hindered.

Article 5: Supervision of the Company's business, management and internal control

The supervisors shall supervise the Company's business and audit the Company's business and financial conditions, accounts and records from time to time, and ask the board of directors or managerial officers to submit report to verify their performance of duties. Meanwhile, the supervisors shall pay attention to the validity and status of the Company's internal control system to mitigate the Company's financial crisis and business risk.

Article 6: Notice for directors' meeting

When calling a directors' meeting, the Company shall notify each supervisor in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and send the notice for the meeting and complete information about the meeting to the supervisors.

Article 7: Avoidance of conflicts of interest

The Company's supervisors should adhere to the self-disciplined rules, and would rescue themselves voluntarily from any motion involving their personal interest which would injure the Company's interest.

Article 8: Prevention of business carried out by the board of directors or directors against laws

Where the board of directors or any director carries out business against laws, Articles of Incorporation or a shareholders' meeting resolution, the supervisors shall notify the board of directors or the director to stop the misconduct.

Article 9: Audit on the Company's account books and records

The supervisors shall audit the various account books and records prepared and submitted by the board of directors to a shareholders' meeting (business report, financial statements, or motion for allocation of earnings or covering of losses), and present their audit report, and state their opinion at a shareholders' meeting.

Article 10: Audit on the Company's business and finance

Supervisors may investigate the Company's business and financial positions at any time. The Company's relevant units shall work with the supervisors and provide them with the



books and records upon the supervisors' request.

The supervisors may audit the Company's finance and business on behalf of the attorney-at-law or CPA retained by the Company, provided that the Company shall advise the relevant personnel of the non-disclosure obligation.

The board of directors or managerial officers shall submit reports upon supervisors' request, and are prohibited from interfering with, evading or refusing the supervisors' audit with any excuse.

When the supervisors perform their duties, the Company shall provide necessary assistance upon the supervisors' request at the reasonable costs or expenses.

Article 11: Channel for communication with the Company's relevant staff

The supervisors shall organize the seminar with internal auditors periodically to review the deficiencies in the internal control system and record the discussion.

In order to help the supervisors perform their duties, the Company shall establish the communication channel between employees, shareholders and stakeholders and supervisors.

Upon awareness of any abuses, the supervisors shall take adequate actions to prevent the abuses from expanding, and shall report the same to the competent authority or entity if necessary.

The supervisors shall verify the root cause for resignation or replacement of any of the Company's independent directors, president and financial, accounting, R&D and internal audit executive officers, or CPA, if any.

Article 12: Supervisors' liability insurance

The Company may purchase the liability insurance for supervisors during their tenure against the indemnity to be borne by them in the scope of business carried out by them according to the Articles of Incorporation or resolutions made by a shareholders' meeting, in order to reduce and mitigate the risk over material damage caused to the Company and shareholders due to supervisors' fault or negligence.

Article 13: Supervisors' continued education

The supervisors shall continue to attend the continued education programs covering the subject of corporate governance, related to finance, risk management, business, commerce, accounting, law or corporate social responsibilities, organized by the entities designated under the Guidelines for Promotion of Continued Education of Directors,



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Supervisors of TWSE, or GTSM Listed Companies when they are elected or during their term of office.

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.