

GRAND OCEAN RETAIL GROUP LIMITED

Ethical Corporate Management Best Practice Principles

Article 1: Purpose

Taking into reference to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, these Principles are adopted to assist the Company to foster a corporate culture of ethical management and sound development.

Article 2: Applicable scope

These Principles is applicable to the Company's subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("Business Group").

Article 3: Unethical Conduct Prohibited

When engaging in commercial activities, the Company's directors, managers, employees, mandataries or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (as defined below), nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("Unethical Conduct") for purposes of acquiring or maintaining Benefits.

The counterparties of the commercial activities stated in the preceding paragraph includes civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, Substantial Controllers or other stakeholders.

Article 4: Benefits

"Benefits" in the Principles means anything of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 5: Legal compliance

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to

Conflicts of Interest, related TWSE/TPEX listing regulations, and other business behavior-related laws and regulations in order to facilitate the implementation of ethical corporate management.

Article 6: Policy

The Company shall manage its businesses in the utmost prudence, transparency, and accountability, and implement board-approved policies on the basis of integrity. The Company shall also develop robust corporate governance and risk management practices to ensure continuity of its business activities.

Article 7: Prevention programs

The Corporation has established the "Procedures for Ethical Corporate Management and Guidelines for Conduct", clearly and thoroughly prescribe specific ethical management practices, and programs to prevent unethical conduct. The content shall include operational procedures, conduct guidelines, and training courses. It shall also comply with relevant laws and regulations of the place where the Corporation is operating.

Article 7-1: Scope and measures of prevention programs

The Corporation shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within the business scope which are at a higher risk of being involved in unethical conduct, and establish "Procedures for Ethical Corporate Management and Guidelines for Conduct" accordingly and review its adequacy and effectiveness on a regular basis.

It is advisable for the Corporation to refer to prevailing domestic and foreign standards or guidelines in establishing "Procedures for Ethical Corporate Management and Guidelines for Conduct", which shall at least include preventive measures for the following acts by the Company and its directors, supervisors, managers, employees, mandataries, and Substantial Controllers:

1. Offering or accepting bribes:

One shall not offer, promise, demand, or receive any form of improper benefit to or from any customer, agent, contractor, supplier, public official, or other stakeholder during the course of business.

2. Offering illegal political donations:

All political donations made directly or indirectly to political parties, organizations, or individuals participating in political activities shall comply with the Political Donations Act and internal policies and procedures. Such donations shall not be for business profit or advantage.

3. Making improper charitable donations or sponsorships:
Donations and sponsorships shall be in compliance with laws and internal policies and procedures and shall not be intended as a bribe.
4. Offering or receiving unreasonable gifts, hospitality, or other improper benefits:
Directly or indirectly offering or receiving unreasonable gifts, hospitality, or other improper benefits to build a business relationship or affect a business transaction is prohibited.
5. Infringing on business secrets, trademark rights, patent rights, copyrights, or other intellectual property rights:
The Company shall comply with intellectual property rights-related laws and regulations, the Company's internal operating procedures, and contract requirements. Without the consent of the intellectual property rights owner, the Company shall not use, leak, dispose, damage, or otherwise infringe on any intellectual property rights.
6. Engaging in acts of unfair competition:
The Company shall engage in business activities in accordance with relevant regulations and shall not engage in price fixing or bid rigging, set output restrictions or quotas, or share or segment markets through the allocation of customers, suppliers, territories, or lines of business.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.
In the course of the research and development, procurement, manufacture, provision, or sale of products and services, the Company shall comply with applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. It 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 its operations, with a view to preventing its 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 8: Undertakings and Executions

The Company shall request its directors and senior management to issue statements of compliance with the ethical corporate management policy, and demand all employees to comply with the ethical corporate management policy as part of the terms of employment.

The Company and Business Group shall clearly specify in its management rules and external documents the ethical corporate management policies and the commitment by the board of directors and the managers to rigorous and thorough implementation of such policies, and carry out the policies in internal management and external commercial activities.

The Company shall produce and maintain documents relating to the enactment, statement, commitment, and execution of ethical corporate management policy mentioned in Paragraphs 1 and 2 above.

Article 9: Management of Commercial Activities in Good Faith

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether any of them are involved in Unethical Conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with agents, suppliers, customers, or other business counterparties, the Company should include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in Unethical Conduct, the Company may at any time terminate or cancel the contracts.

Article 10: Organization and Responsibilities

The Company's directors, managers, employees, mandataries and Substantial Controllers shall exercise the due care of good administrators to urge the Company to prevent Unethical Conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.

To achieve sound ethical corporate management, the relevant competent authority shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and Prevention Programs, and report to the board of directors on a regular basis.

1. Financial Department: responsible for establishing the implementation of the ethical corporate management policies and Prevention Programs.
2. Audit Department: responsible for supervising the execution of the relevant competent authority and report to the board of directors on a regular basis.

Article 11: Avoidance of Conflicts of Interest

The Company shall enact policies for preventing conflicts of interests in order to identify, monitor, and manage risks possibly resulting from unethical conduct, and offer appropriate means for directors, managers and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When the Company's director, manager or any other stakeholders attending or present a board of directors meeting, themselves or the legal entity they represents have an interest in the proposals for board discussion, such party shall state the important aspects of the interest at the meeting, and, where there is a likelihood that the interest of the Company would be prejudiced, such person shall not participate in the discussion or vote on that proposal, and shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, managers, employees, mandataries and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 12: Training and Assessment Programs

The chairman, general manager, or senior management of the Company shall periodically convey the importance of corporate ethics to directors, employees, and mandataries.

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and Substantial Controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing Unethical Conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 13: Accounting and Internal Controls

The Company shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, not have under-the-table accounts or secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The Company's internal audit unit shall, based on the assessed risk of unethical conduct, devise audit plans of appropriate subject, scope, emphasis, and frequency, and audit employees' compliance with Prevention Programs. Internal auditors may engage CPAs to perform audit on behalf, and may approach outside professionals for assistance if necessary.

Findings of the above audit shall be reported to the senior management and ethical corporate management unit, whereas audit reports are to be prepared and presented to the board of directors.

Article 14: Whistleblower System

The Company shall develop and implement a whistleblower system that encompasses at least the following:

1. Misconduct reporting channels available to insiders and outsiders, including dedicated mailboxes and hotlines that are operated by the Company or by independent third-party institutions.
2. Personnel or unit assigned specifically to handle reported misconducts, along with classification criteria and standard operating procedures for reported misconducts. Misconduct reports that involve directors or the senior management are to be escalated to independent directors.
3. Subsequent measures to be undertaken depending on the severity of the case involved and the outcome of investigation. Misconduct reports may be escalated to the authority or the judicial department if necessary.
4. Procedures for acceptance and investigation of reported misconducts, and documentation and preservation of investigation outcome.
5. Protection of informant's identity, and tolerance for anonymous reporting.
6. Protection for informants against retaliation.
7. Whistleblowing incentives.

The unit or personnel responsible for handling whistleblowing is required to file report and notify independent directors in writing upon discovery of any major violation or any occurrence that has the potential to cause significant damage to

the Company.

Article 15: Reporting, Punishment and Complaint System

The Company shall establish a well-defined disciplinary and complaint system to handle violations of the Principles, and properly disclose the violation and the situation of how the matter was handled internally.

Article 16: Information Disclosures

The company shall disclose the measures taken for implementing ethical corporate management, and the status of implementation on its website, annual reports, and prospectuses, and shall disclose the content of the Principles on the Market Observation Post System (MOPS).

Article 17: Review of and Amendments to the Policies and Measures

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, managers and employees to make suggestions so as to review and improve the adopted ethical corporate management policies and measures for implementation and achieve better results from implementing the Principles.

Article 18: Implementation

These Principles, and any amendments hereto, shall be implemented after submitted to the audit committee, approval by the board of directors, and shall be reported at the shareholders' meeting.

When the Ethical Corporate Management Best Practice Principles are brought to the Board of Directors for discussion pursuant to the preceding paragraph, consideration shall be given to the independent directors' opinions, which shall be recorded in the meeting minutes. An independent director that cannot attend the board meeting in person to express objections 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 meeting minutes.