

GRAND OCEAN RETAIL GROUP LIMITED

Procedures for Ethical Management and Guidelines for Conduct

Article1 The Company is engaged in commercial activities based on the principles of fairness, honesty, faith and transparency. Moreover, in order to practice the policies for ethical management, as well as to initiatively prevent any unethical behaviors, the Company stipulates the procedures and guidelines for conduct to specifically regulate the precautions for its own corporate business practitioners according to the ethical corporate management principles of the Company, as well as the related local laws of the regions where the operation of the Company and Enterprise Group takes place.

The procedures and guidelines for conduct are applicable to the subsidiaries of the Company, consortiums as a juridical person which are directly or indirectly contributed by over 50% of the total funds, as well as other organizations or juridical persons which the Company has substantial control.

Article2 The personnel of the Company designated in the procedures and the guidelines for conduct means the Company and Enterprise Group, Board of Directors, managers, employees, trustees, as well as anyone who has substantial control.

Any personnel of the Company who provide, commit, request or receive any inadequate benefits through a third party will be considered as the behavior of the personnel of the Company.

Article3 The unethical behavior implied in the procedures and the guidelines for conduct means the personnel of the Company directly or indirectly provide, receive, commit or request any inadequate benefits, or, implement any other matters that are violation of ethics, illegal or violation of fiduciary duties, in order to obtain or sustain the benefits thereof when exercising their duties.

The subjects described in the preceding item include public officials, political candidates, parties or party members, as well as any public or private firms or organizations, and the board members (directors), managers, employees, people who have substantial control or other stakeholders thereof.

Article4 The benefits indicated in the procedures and the guidelines for conduct means the money, gifts, presents, commissions, posts, service, preferential treatment, kickbacks, facilitating payments, corporate hospitality, social niceties and other valuable objects by any means in any names.

Article5 The Company designates the Department of Administration of Shanghai Headquarter as the Dedicated Unit (hereinafter “CDU”). The business scope of the CDU is subordinate to the Board, where sufficient resources and appropriate personnel shall be assigned to deal with the matters in the procedures and the guidelines for conduct in regard with the amendment, execution, interpretation, consultation thereof, as well as to report the content, registration and filing, and supervise the execution thereof. The main items charged by the CDU are as follows, of which the CDU shall periodically (once for a year at least) report to the Directors of the Board:

1. Assist to blend ethical and moral value into the operational strategies of the Company, as well as complying with laws and systems to regulate and to guarantee related prevention measures for ethical corporate management.
2. Periodically analysis and appraise any risks brought by unethical behaviors within business scope, as well as stipulating proposals to prevent unethical behaviors accordingly, and formulating business related procedures and guidelines for conduct in each proposal.
3. Plan for internal organizations, forms and posts, and establish balancing system of mutual supervision for any operating activities with higher risks of unethical behaviors.
4. Promote and coordinate propaganda and training in regard with ethical policies.
5. Plan for whistleblowing system and ensure the executive effectiveness thereof.
6. Assist the Board and management to examine and appraise whether the preventive measures established to fulfill ethical corporate management effectively functions or not, as well as regularly assessing the outcomes thereof and compiling the reports.
7. Make and well store policies in regard with ethical corporate management, and documents related to the contextual statements, practice of the commitment and execution thereof.

Article6 The personnel of the Company shall comply with the ethical corporate management principles of the Company and the procedures and guidelines for conduct, as well as following the related procedures when providing, receiving, committing or requesting the “benefits” defined in Article 4 unless:

1. Matters based on business necessity, when paying visit domestically or oversea, providing hospitality to foreign guests, promoting business as well as communicating and negotiating, according to local courtesy, conventions or customs.
2. Participating in or being invited to normal social activities based on normal social courtesy and customs, business purposes, or, improvement of relationship.
3. Participating in or being invited to specific business events, factory tours, etc. based on business necessity, where the way to pay the expenditure thereof, numbers of participants, accommodation levels and terms have been clearly specified before the events.
4. Participating in open folk festivals or events to which general public are also invited.
5. Bonuses, emergency allowances, consolation money or gratuities for supervisors.
6. Property received due to engagement, marriage, giving birth, house moving, office taking, promotion, retirement, resignation, office leaving, as well as injury, illness or demise of the staff himself/herself, his/her spouse or direct relatives, of which the market value thereof shall not exceed the reasonable value under the range of normal social courtesy and customs. Also, all the matters described as above are incidental and do not concern any influence on specific rights and duties.
7. Other matters complying with the regulations of the Company.

Article7 Except for the conditions listed as above, the Company shall follow the procedures listed as follows to deal with those who directly or indirectly provide or commit the benefits defined in Article 4:

1. The personnel who provide or commit and who are not the stakeholders related to the posts, should report to the line supervisors thereof within three days after receiving; also the CDU should be informed if necessary.
2. The personnel who provide or commit and who are the stakeholders related to the posts, should return or reject the benefits, as well as reporting to the line supervisors thereof and

informing the CDU. In case the benefits cannot be returned, the personnel should hand to the CDU within three days after receiving.

The “stakeholders related to the posts” described in the preceding item contains the situations as follows:

1. Relative parties of commercial intercourse, direction, supervision or allowances (bonuses) for expenditure.
2. Relative parties who are seeking, performing, or, have already made or merchandised contracts.
3. Other matters which are advantageous or disadvantageous depending on whether the business of the Company is to be executed or not.

The CDU shall review the characters and values deriving from the first item to propose to return, to receive by payments, to confiscate, to pass on a present to charitable organizations, or, any other appropriate suggestions; afterwards the CDU shall report to the President for the approval and then perform the execution.

Article8 The Company will not provide or commit any facilitating payments. If the personnel of the Company have been threatened or intimidated to provide or commit the facilitating payments, the process thereof should be recorded and reported to the line supervisors, and the CDU should be informed.

The CDU shall deal with the cases described as in the previous item immediately once the CDU receives the reports, and review the related matters to reduce the risks of the recurrence.

If there are any illegal matters found, the judiciary shall be immediately reported.

Article9 The Company offers political donations, that will be reported to the President for the approval and informed to the CDU, as well as that will be reported to the Board for the ratification when the amounts of donations exceed NTD500 thousand. The Company shall follow the rules listed as follows to deal with:

1. The related laws and regulations of the countries where the recipients of political donations shall be accorded, including the top limits and forms thereof.
2. The policies should be documented in writing.
3. Political donations shall enter into the accounts in compliance with laws, regulations as well as accounting related processes.
4. When providing political donations, any items in regard to

commercial intercourse, application for permission, or conducting of the matters which involve the corporate benefits, shall be avoided.

Article 10 The Company offers charitable donations or patronage, that will be reported to the President for the approval and informed to the CDU, as well as that will be reported to the Board for the ratification when the amounts of donations or patronage exceed NTD500 thousand. The Company shall follow the rules listed as follows to deal with:

1. The local laws and regulations of the regions where the operation takes place shall be accorded.
2. The policies should be documented in writing.
3. Charitable organizations shall be the targets of charitable donations or patronage, and transformed bribery will not be tolerated.
4. Feedbacks acquired thereof must be clear and rational, as well as that the targets of feedbacks must not be the ones who have commercial intercourse, or, are relevant to the corporate benefits.
5. Purposes of charitable funds shall be confirmed to guarantee the utilization thereof matches the intentions of patronage after donating or patronizing.

Article 11 The Directors of the Board, managers and other stakeholders who are the attendees or guests in a Board Meeting shall explain the material content of the stakes of which they or the juridical persons they represent for the bills agendized in the current meeting. If there is concern to endanger the corporate benefits by the content, the subjects thereof shall not be permitted to join the discussion and vote, as well as that the subjects have to avoid the discussion and vote, and neither can the subjects represent other Directors to perform their rights to vote.

The Directors of the Board should also be self-disciplined and not back with each other.

Spouse and relatives within second-degree of the Directors of the Board, or, companies with dominant-subordinate relationships with the Directors of the Board, that have stakes with the meeting items indicated in the preceding paragraphs, shall be seen as the stakes of the Directors of the Board their own.

If the personnel of the Company find any conflicts of interest with himself/herself or the juridical persons he/she represents, or, any

circumstances from which himself/herself, his/her spouse, parents, children or other related stakeholders can acquire improper benefits when dealing with the corporate affairs, should report the matters to both the line supervisors and the CDU, as the line supervisors shall provide appropriate guidance.

The personnel of the Company shall not be allowed to conduct the corporate resources to any commercial activities otherwise the Company, and the work performance thereof should not be affected due to the participation in any commercial activities otherwise the Company.

Article12 All the departments of the Company shall pay attention to manage, store and keep the intellectual property confidential, such as the trade secrets, trademarks, patents and copyrights belonging to each department. Also all the corporate trade secrets shall not be allowed to disclosed to others, as well as that inquiry or collection of the corporate trade secrets which are not relevant to ones' posts shall be prohibited.

The personnel of the Company shall obey the related laws and regulations in regard with intellectual property, corporate internal SOPs and contracts when dealing with the corporate affairs. Any behaviors concerning utilization, disclosure, disposal, impairment or encroachment of intellectual property shall not be tolerated unless the owners thereof approve it.

Article13 The Company shall follow the Fair Trade Act as well as the relational laws and regulations to not to fix prices, manipulate bids, restrain productivity and quotas, nor, to share or split the markets by dividing consumers, suppliers, operational regions or commerce categories, when the Company is performing the operating activities.

Article14 The Company shall follow the relational laws, regulations and international standards for the products and service of provision, as well as gathering, understanding and summarizing the precautions for the announcements to make the personnel of the Company understand the processes of R&D, purchase, manufacture, provision and sales further towards our own products and service, and guaranteeing the information transparency and safety of the products and service.

The Company shall establish the specific zone for stakeholders on the official corporate website to prevent our products or service, directly or indirectly, endanger the rights, health and safety of the

consumers or other stakeholders.

The Company shall immediately retrieve the relevant products or stop the relational service, launch the investigation to identify the truth, and submit the improvement by review, if the media report, or, there are sufficient evidence to prove, that there is concern about our products or service endangering the safety and health of the consumers or other stakeholders.

The CDU shall report to the Board of Directors about the details of the preceding matters, the ways to deal with, as well as the subsequent review and improvement thereof.

Article15 The personnel of the Company shall follow the regulations defined in the Securities and Exchange Act, and shall not utilize the undisclosed information known to the personnel to perform the insider trading, nor to disclose to anyone to prevent other people from using the undisclosed information to perform the insider trading.

Any other organizations or personnel that partake in merger, demerger, takeover and transfer of shares, important memorandum, strategic alliance, other business cooperation projects or material contracts, shall cosign the non-disclosure agreement (NDA) with the Company, committing to not to disclose any trading secrets or other material information of the Company to others; furthermore, the relevant information will not be allowed to use unless the Company approves it.

Article16 The Company shall request the Directors and senior executives to make the statements in regard with ethical corporate management, also requests the employees to obey the policies of ethical corporate management as a condition of employment.

The Company shall disclose the policies of ethical corporate management in the Internal Regulations, Annual Reports, official website, other leaflets or brochures, as well as adequately declaring the policies in product launches, institutional investors conferences, etc., to make all the suppliers, customers or other business related organizations and the personnel thereof understand the ideas and norms in regard with ethical corporate management of the Company.

Article17 The Company shall first appraise the legitimacy and ethical management policies of the agents, suppliers, customers or other subjects which have commercial intercourse with the Company, as well as reviewing if the subjects have ever involved in any unethical

behaviors, in order to ensure the business management of the subjects is fair and transparent, and bribery will not be requested, provided, or received.

The Company will adopt the appropriate procedures of examination to review the subjects of commercial intercourse when appraising the preceding item, as well as to understand the ethical management status thereof:

1. Country, operational region, organization and structure, administrative policies as well as place of payment of the enterprise.
2. Whether the enterprise stipulates the ethical management policies or not, as well as the execution conditions thereof.
3. Whether the country where the operational region of the enterprise is located has higher risks of corruption.
4. Whether the business scope of the enterprise has higher risks of bribery.
5. Long-term operational status as well as goodwill of the enterprise.
6. Comments on the enterprise inquired from other business partners.
7. Whether the enterprise has ever involved in any unethical behaviors such as bribery or illegal political donations.

Article 18 The personnel of the Company shall interpret the policies and relevant regulations in regard to ethical management of the Company to the counterparties when engaging in commercial activities, as well as adamantly rejecting to directly or indirectly, provide, commit, request or receive any inadequate benefits by any means in any names.

Article 19 The personnel of the Company shall avoid engaging in commercial activities with any agents, suppliers, customers or other business counterparties who have involved in unethical behaviors. Commercial intercourse with any business or cooperative counterparties who have been found to be unethical shall be promptly terminated, and the counterparties thereof will be subject to rejection, in order to fulfill the policies of ethical corporate management.

Article 20 The Company shall fully understand the ethical management status of the counterparties before signing the contracts, as well as

following the related principles to conclude ethical corporate management of the Company in the articles of the contracts, which shall at least include the items listed as follows:

1. If any party is aware of that there is certain person violating the articles to receive commissions, kickbacks or other inadequate benefits, the party shall promptly report to the other party based on the facts about the identity, provision, commitment, ways of request or reception, amount, or, other inadequate benefits, as well as providing the relevant evidence thereof to cooperate with the other party for the investigation. If one party is harmed thereupon, the party is able to request for the compensation thereof to the other party, where the amount will be fully deducted from the payable price specified in the contract.
2. If there is any party involving with any unethical matters in the commercial activities, the other party will be able to unconditionally terminate or cancel the contracts any time.
3. Content in regard with payment in the contracts must be defined clearly and rationally, including the locations, methods, relational laws and regulations concerning taxes, etc.

Article 21 The Company urges both the internal and external personnel to whistle-blow any unethical or inadequate behaviors. Furthermore, adequate rewards shall be granted to the whistleblowers depending on the seriousness of the matters. If there is any internal person found to misreport or maliciously accuse the matters, disciplinary punishment shall be implemented upon the false accuser; in case of severe circumstances, this person shall be dismissed from the office.

The Company shall establish the email and direct line in official corporate website and the internal website for the external and internal personnel to utilize, respectively.

The information provided by the whistleblower should at least include:

1. Name and ID number of the whistleblower (anonymous whistle-blowing is allowable), as well as address, phone number and email which can be used to contact the whistleblower.
2. Name or other adequate information which can be used to identify the informed party.
3. Specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also

undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The CDU shall observe the following procedure:

1. An information shall be reported to the department head if involving the rank and file and to an Independent Director or supervisor if involving a Director or a senior executive.
2. The CDU and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
5. With respect to a confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
6. The CDU shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 If any personnel of the Company discovers that another party has engaged in unethical behaviors towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 The CDU shall organize the awareness sessions and arrange for the Chairperson, President, or senior management to communicate the

importance of ethics to its Directors of the Board, employees, and mandataries.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 The Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors, and shall be delivered to each supervisor and reported to the shareholders meeting.

When the Procedures and Guidelines are submitted to the Board of Directors for discussion, each Independent Director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the Board of Directors meeting. An Independent Director that is unable to attend a Board Meeting in person to express objection or reservation shall provide a written opinion before the Board Meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board of Directors Meeting.