

Han's Laser Technology Industry Group Co., Ltd.

Post Avoidance System

Chapter 1 General

Article 1 In order to promoting the incorruption construction, regulate the work behaviors of management cadres and guarantee their objectivity and justice in performing duties, this System is hereby formulated.

Article 2 This System is applicable to all employees of Han's Laser and its subsidiaries.

Article 3 Employees who have any following family relation shall recuse themselves from a post according to the System:

- (1) Conjugal relation;
- (2) Immediate relatives: grandparents, maternal grandparents, parents, children, brothers, sisters;
- (3) Collateral relatives: paternal/maternal uncles and aunts, paternal/maternal cousins, and paternal/maternal nephews and nieces;
- (4) Close in-law relationship: parents of spouses, siblings of spouses and their spouses, spouses of children and parents of children's spouses, spouses of collateral relatives up to three generations.

Chapter 2 Post avoidance

Article 4 Management cadres at all levels, employees and their close relatives shall not engage in any work that has a direct subordinate relationship.

Article 5 The close relatives of department heads (or cadres above the level) shall not take offices in the organizations under their direct jurisdiction, and also shall not work in sensitive positions such as HR, operation, procurement, audit and finance in the organizations. Sensitive positions refer to non-leadership positions that are assigned with certain responsibility of investigation, selection, assessment and resource allocation in external cooperation transactions, as well as responsibility of management and acquisition of various company and customer data and information in the company's internal management.

Article 6 Employees in service should proactively and truthfully report the avoidance relationship to the Audit Dept., and apply for avoidance in time. Newly-hired employees shall truthfully fill the in-service family members in the attached *Employment Application Form*. Before this System, if any avoidance relationship with close relatives has formed, or a new avoidance relationship occurs due to the change of position or marriage, the party concerned shall timely apply to the Audit Dept. for avoidance.

Article 7 If any situation requiring avoidance is found in the organization, avoidance advice should be proactively given to the party concerned by the Audit Dept. after review, which will be reported to the Group's leader for approval before making a post transfer or other handling decisions. Before submitting any avoidance advice for Group's leader to approve, the Audit Dept. may hear opinions from employees and relevant personnel.

Article 8 In case of avoidance as listed in Article 3 of this System, the party at a lower position shall avoid

in general, and if the position level is the same, the company shall decide based on the work needs and actual situation.

Article 9 Before this System, if employees, or external personnel involved in the company's business, have close relatives in the company, they shall proactively and timely report to the Audit Dept., which will be reported to the Group's leader for approval in light of the actual situation before handling.

Article 10 If any situation requiring avoidance is not reported in time, the Audit Dept. shall order the inspection, adjustment or handling based on different situations. Those who conceal and fail to report will be fired once found.

Chapter 3 Supervision & Penalty

Article 11 The HR and cadre evaluation departments shall, according to this System, strengthen advance notification and strict examination of the employees to be recruited, transferred and promoted, so as to ensure no avoidance relationship. The newly-formed avoidance relationship due to marriage or position change shall be adjusted or dealt with after reported by the Audit Dept. to the Group's leader for approval.

Article 12 Employees shall comply with the avoidance decision. Dismissal or demotion will be given if the decision is refused unreasonably until such avoidance relationship is removed.

Article 13 The Audit Dept. shall include the avoidance of close relatives in the special audit inspection, strengthen the guidance and supervision of the rectification, and investigate the management cadres for their ineffective, perfunctory or delayed rectification work without reason.

Article 14 The System is interpreted by the [Industry Monitoring & Cadre Evaluation and Audit Center] and shall come into force as of the date of promulgation.

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