

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

Provisions on Administration of Discipline Supervision

Chapter 1 General

Article 1 [Purpose] In order to strengthen the internal discipline supervision, promote the incorruption, prevent the fraud, strengthen the internal control of the Group, standardize business behavior and safeguard the legitimate rights and interests of the company, the Provisions are hereby formulated in accordance with relevant laws and regulations as well as the relevant rules of the company.

Article 2 [Mission] The discipline supervision is to regulate the duty behavior of all staff within the Group, and urge them to strictly observe the relevant laws, rules, regulations and professional ethics, so as to build integrity, self-discipline, diligence and dedication.

Article 3 [Nature of Dept.] The Audit Dept. under the Discipline Supervision Committee is dedicated to supervise the discipline in accordance with the Provisions, including the exercise of authority, waste of company's resources, sabotage of company's property, brawl and other serious violations of the company's rules and regulations, so as to prevent and investigate illegal crimes and implement integrity.

Article 4 [Independence] The Discipline Supervision Committee shall exercise its power of discipline supervision independently in accordance with the Provisions without interference from other departments and individuals, and if it needs assistance during handling duty violations or crimes, the departments and units concerned shall provide assistance.

Article 5 [Work principle] Discipline supervision shall adhere to the following principles: combine education with punishment; integrate supervision and inspection with rectification; focus on prevention and take investigation as supplement; emphasize fact, evidence, investigation and research; uphold both dedicated and mutual discipline supervision.

Article 6 [Application] The Provisions are applicable to all employees of the Group headquarters, wholly-owned subsidiaries and holding subsidiaries.

Chapter 2 Structure of Discipline Supervision

Article 7 [Administrative Committee] The director of the Administrative Committee and the executive deputy director in charge of the matter directly lead the Group's discipline supervision work, and the Discipline Supervision Committee reports directly to them.

Article 8 [Discipline Supervision Committee] The Discipline Supervision Committee shall be specifically responsible for establishing, implementing and improving the discipline supervision system, preventing and investigating duty violations or crimes, and timely addressing the management loopholes, so as to safeguard the sound and stable operation of the company, and create a clean and self-disciplined corporate culture.

Article 9 [Risk control group] The Discipline Supervision Committee shall handle cross-departmental discipline supervision investigation matters, and the complicated investigation matters involving the department head or above. The Discipline Supervision Committee may organize the Legal Det., the HR

Dept., the Finance Dept., the Audit Dept. and other departments to set up provisional risk control group. The risk control group is to inspect and hear the discipline supervision investigation matters submitted by the Discipline Supervision Committee for review, and according to the evidence obtained by the Discipline Supervision Committee, the national laws and regulations and the management system within the Group, form the handling opinions and submit them to the Administrative Committee for approval before being implemented by the relevant departments. After the investigation is end, the risk control group will be dissolved and not participate in the review of investigation within the Group anymore.

Article 10 [Work requirements] Discipline supervisors shall meet the following requirements:

- (1) Act in accordance with the law, and provide clear facts, solid evidence, accurate nature and appropriate handling;
- (2) Observe law and discipline, be loyal to duties, enforce discipline impartially, be clean and honest, and keep secrets;
- (3) Be familiar with the discipline supervision business and have the corresponding educational level and professional knowledge.

Chapter 3 Duty & Authority of Discipline Supervision Committee

Article 11 [Duty] The Discipline Supervision Committee shall perform the duties of supervision, investigation and handling in accordance with the Provisions and the relevant systems:

- (1) Hold public duty crime prevention and integrity education training;
- (2) Supervise and inspect the duty performance according to law, fair use of power, integrity, self-discipline, professional ethics, etc. of the supervised object;
- (3) Investigate the suspected dereliction of duty, favoritism and malpractice, abuse of power or ultra vires, corruption and bribery, or embezzlement of the company's assets and other duty violations and crimes;
- (4) Give advises on discipline sanction against violations of laws and disciplines by the supervised object. Those suspected of committing a crime shall be transferred to the judicial organ for handling;
- (5) Establish and manage complaint and report channels, and accept complaints and reported clues;

Article 12 [Supervision focus] The following circumstances shall be the focus of discipline supervision:

- (1) Steal, misappropriate or occupy the property of company;
- (2) Solicit or take bribes such as kickbacks or service fees;
- (3) Forge or alter accounting vouchers, accounting books or financial reports;
- (4) Divulge the company's business information, technical secrets and other business secrets;
- (5) Manipulate false bidding and tender and laxly control, resulting in high costs of the company;
- (6) Cooperate with a third party privately to make profits from the company's business;
- (7) Abuse of power by directors, supervisors, leaders of centers and other senior managers;
- (8) Other acts that harm the interests of the company.

Article 13 [Authority of discipline supervision] In order to ensure the independence of discipline supervision, the Discipline Supervision Committee shall, as authorized by the Board of Directors of the Group, have the following powers:

A. [Investigation right]

- (1) Discipline supervisors shall have the right to inspect various documents and electronic data (including the plans, budgets, final accounts, contract agreements, accounting vouchers, books, accounting statements, engineering data, meeting minutes, documents, invoices, etc.), seals, licenses, assets, etc., of the investigated units and departments on site;
- (2) Discipline supervisors shall have the right to require relevant units and individuals to provide supporting materials for relevant matters, and have the right to copy, duplicate, photograph relevant documents, materials, physical objects, etc. on site and obtain on-site monitoring videos;
- (3) Discipline supervisors shall have the right to demand explanations or written descriptions concerning the investigation matter from investigated departments and personnel.

B. [Interim enforcement right]

When investigating violations of laws and disciplines, the Discipline Supervision Committee may, in light of the actual situation and needs, take the following measures:

- (1) Temporarily detain and seal relevant documents, materials, computers, servers, disks, mobile hard disks, financial books, accounting vouchers and other relevant materials;
- (2) Order the investigated units and personnel not to sell off or transfer the relevant property during the investigation;
- (3) For those who obstruct or destroy the work of discipline supervision, refuse to provide information or seriously damage the interests of the company, discipline supervisors may report to the relevant department of the Group to suspend or restrict the functions and powers of the relevant personnel;

C. [Suggestion right]

According to the inspection and investigation results, the Discipline Supervision Committee may put forward suggestions for discipline supervision under any of the following circumstances, and relevant departments shall enforce it:

- (1) If there is any violation of discipline without crimes involved, HR Dept. is advised to handle it according to relevant rules;
- (2) For those who seriously violate the rules and discipline, or use their power to obstruct, interfere with or sabotage the investigation, or threaten, lure or retaliate against the accuser, informant, witness or investigator, it is suggested that their departments concerned and HR Dept. suspend their duties.
- (3) For those who have been verified to be free from discipline violations or who subject to no administrative sanctions, the Discipline Supervision Committee shall, within 3 days after the revoke of the investigation matters, notify the relevant departments to lift the suspension of their

duties and make an announcement within the relevant scope.

(4) Other cases needed discipline supervision suggestions.

D. [Report & accusation right]

The Discipline Supervision Committee may report the suspected illegal or criminal acts of employees to the public security organs and accuse such acts.

E. [External investigation assistance]

The professional organizations may be appointed to assist in the investigation if there is any specialized issue involved.

Chapter 4 Handling Principle & Working Mechanism

Article 14 [Reporting management] Report Tel. (0755-86632727) and email (shenjibu@hanslaser.com) has been set up, which has been posted at all business sites of the company. People from all walks of life may report the company's and its staff's violations of discipline and law through reporting telephone, email, letter and other channels. All employees are encouraged to report such violations and provide clues.

Article 15 [Coordination mechanism] For major and complicated investigations, the Discipline Supervision Committee may set up cross-departmental collaborative case handling team as required. Relevant departments of the Group (including but not limited to Audit, Legal, HR and Finance Dept.) shall cooperate to provide sufficient evidence as required by the Discipline Supervision Committee, and provide professional and technical support. For investigations concerning the major interests of the company, all resources of all parties both in the Group and regions should be integrated, collaborated and coordinated.

Article 16 [Confidentiality] The personnel involved in investigation shall be loyal to their duties, be diligent and clean, keep secrets, and shall not disclose information without proper authorization, except in the case of legal or professional obligations. The code of conduct is as follows:

- (1) The personnel involved in investigation shall avoid the investigation matters that have an interest in their close relatives;
- (2) Discipline supervisors shall observe the following provisions when accepting and investigating the reporting matters:
 - 1) DO NOT disclose the name, department and address of the informant;
 - 2) DO NOT show the report letter and other informant's personal information to the investigated department or person;
 - 3) Publicizing and rewarding informants shall not disclose their name and department in an explicit or implicit manner, except with their consent.

Article 17 [Discipline Supervision Protection Mechanism]

- (1) Discipline supervisors perform their functions according to law, which is protected by laws and the company's rules and regulations, and no department or individual shall refuse or hinder their legal work, or retaliate against them;
- (2) In order to protect discipline supervisors and their families from harassment, attack and retaliation,

discipline supervisors' files shall be classified as secret, and without the approval of the Board of Directors, the HR Dept. shall not lend such files to anyone or disclose any relevant information.

- (3) For those who have been verified to be free from discipline violations or who subject to no administrative sanctions, the Discipline Supervision Committee shall, within 3 days after the revoke of the investigation matters, notify the relevant departments to lift the suspension of their duties and make an announcement within the relevant scope.

Chapter 5 Discipline Supervision Incentive & Accountability

Article 18 [Incentive] People who provide hard evidence about the accusation and reporting of major investigation matters, will be given a reward of 10% of the case amount, no more than RMB50,000.

Article 19 [Accountability] If the members of the Discipline Supervision Committee and its investigation team commit one of the following acts, causing great losses to the company, the company will punish the relevant personnel according to the seriousness and the relevant system, and if such acts are against criminal law, criminal responsibilities shall be given by judicial organs according to law:

- (1) Handle the problem clues without permission or authorization, conceal the found major case details, or secretly retain and manage the relevant case materials;
- (2) Use the power or position to interfere in investigation or seek private gain;
- (3) Illegally steal or disclose investigation information, or disclose information of reporting matters, acceptance of reports and informants;
- (4) Insult, beat, maltreat, corporally punish (or punish in disguised form) the person under investigation or the person involved;
- (5) Other abuse of power, dereliction of duty, favoritism and malpractice.

Chapter 6 Supplement

Article 20 [Interpretation] The Provisions shall be interpreted by the Discipline Supervision Committee of the Group.