

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

Code of Conduct for Procurement Integrity

(Basic)

Chapter 1 General

Article 1 In order to regulate the purchase behavior, authority and duty performance of the company's purchase-related departments and personnel, support incorruptible and efficient purchase, and prevent and curb any violation or wrongdoing in purchase activities, combined with the actual situation of the company, this Code is hereby formulated.

Article 2 This Code is applicable to Han's Laser Technology Industry Group Co., Ltd. (hereinafter referred to as "Han's Group"), as well as its product centers, branches, wholly-owned subsidiaries and holding subsidiaries (hereinafter referred to as "Centers & Subsidiaries").

Article 3 The purchase personnel herein refer to purchase-related personnel, including but not limited to the purchasing staff, as well as personnel of R&D, quality, material control, warehouse, finance, audit and other departments involved in the purchase business.

Article 4 The basic principle of purchase business is that all purchasing staff must observe the relevant systems of purchase, bidding and supplier management. Purchase process and system norms of Han's Group must be strictly followed to reflect the fairness, justice and openness. The purchasing staff shall decide the optimum suppliers in the interest of the company so as to maximize benefits for the company during each business.

Article 5 The purchase personnel must undergo pre-job training and pass the examination, as well as sign the *Integrity Commitment by Purchase Personnel* (Annex 1).

Article 6 All centers and subsidiaries shall carry out purchase integrity education at least once a year, and rotate the main purchase management personnel at least once every three years.

Chapter 2 Rules

Article 7 The promise of purchase personnel to suppliers must be legally authorized by the company. Any form of unauthorized promise is not allowed, including but not limited to:

- (1) Unauthorized promise to the supplier for quality inspection passing or inspection exemption;
- (2) Unauthorized promise to the supplier for its successful bidding;
- (3) Unauthorized promise to the supplier for advance goods payment;
- (4) Unauthorized signing of purchase agreement (or contract) or private consent to the purchase price;

(5) Other unauthorized promises.

Article 8 If the purchase personnel involve in any private interest with supplier, its staff, and their respective main relatives (referred to as associated suppliers) during business, they shall take the initiative to declare and avoid.

- (1) Illegal profits at the expense of the company shall not be sought in any way for associated suppliers;
- (2) The selection, investigation, negotiation and evaluation of associated suppliers, or other activities related to the supplier transactions shall not be involved.
- (3) The entrustment of the associated supplier shall not be accepted, and engagement and talk with Han's Laser on behalf of the associated supplier are not allowed;
- (4) Other violations of the company's purchase rules.

Article 9 It is strictly prohibited to disclose the price and other information to suppliers by taking advantage of the position, including but not limited to:

- (1) Disclose the company's purchase price or other supplier's quotation to another supplier;
- (2) Disclose the company's bottom tender price to suppliers;
- (3) Disclose the company's commercial purchasing strategy to suppliers;
- (4) Other disclosures of purchasing information.

Article 10 It is strictly prohibited to slack off, which may cause long-term unreasonable unit price of purchase or cause losses to the company, including but not limited to:

- (1) Neglect long-term unreasonable unit price of material purchase, resulting in losses to the company;
- (2) Arbitrarily decide the unit price of purchase without market price comparison or bidding according to regulations;
- (3) Let the supplier deliver the goods without signing the purchase contract or before determining the purchase price;
- (4) Raise the price to suppliers without normal approval process;
- (5) The purchase order has not been taken delivery for a long time without reasonable reason, causing losses to the company due to later price problems.
- (6) Other acts of slack.

Article 11 It is strictly prohibited to use the position to violate rules, operate underhand or infringe on the interests of the company, including but not limited to:

- (1) Change, delete or hide the supplier's original quotation information or related information without authorization;

- (2) Negotiate payment and settlement terms and purchase price with suppliers without authorization;
- (3) Intervene in the judgement of the inspection quality and results of purchased materials beyond authority;
- (4) Change the purchase order requirements or purchase materials other than the original order requirements without authorization;
- (5) Designate the introduced supplier by fabricating specified false facts;
- (6) Other such violations, underhand operations or infringements.

Article 12 It is strictly prohibited to introduce non-compliance suppliers by taking advantage of the position, including but not limited to:

- (1) The introduced supplier provides false introduced materials, such as certificate and quotation;
- (2) The material supplied by the introduced supplier is beyond its business scope;
- (3) The introduced company was founded or is invested by our current and former staff;
- (4) Introduce the supplier due to certain types of materials or services, but subsequently purchase its other types of materials;
- (5) The introduced supplier transfers the order;
- (6) The introduced supplier operates abnormally (no fixed premises, no fixed staff, abnormal financing, legal credit risk, etc.);
- (7) Other violations of the supplier access standards.

Article 13 It is strictly prohibited to, directly or indirectly, solicit or accept any form of presents or benefits from suppliers, or participate in suppliers' catering and entertainment, including but not limited to:

- (1) Solicit or take bribes from suppliers;
- (2) Accept free samples or goods from suppliers without permission, and do not report them to the company for warehousing;
- (3) Request or accept the supplier's dispatched car pickup service for private purposes;
- (4) Participate in supplier's entertainment (including KTV, cards, mahjong, travel, dinner and other private activities);
- (5) Artificially raise or set the purchasing and quality inspection threshold to hint and embarrass suppliers; develop bias in the setting of bidding parameter standards for brands or suppliers;
- (6) Privately charge suppliers for external quality inspection and other unreasonable fees;
- (7) Improperly arrange purchase orders to stop suppliers from cooperating or delivering

goods as required;

(8) Other relevant cases.

Chapter 3 Liability & Accountability

Article 14 Any violation of this Code will be punished in accordance with relevant laws and regulations as well as relevant rules of the company.

Article 15 The Audit Dept. of Han's Group is the supervisory department of purchase and bidding, which is responsible for supervising the whole process, proposing solutions and investigating and dealing with any violation.

Article 16 All staff of the company can report any violation of purchase to the Audit Dept. of Han's Laser, which is confidential.

Report email: shenjibu@hanslaser.com;

Report Tel.: 0755-86632727.

Article 17 The Audit Dept. of Han's Group reserves the right to interpret this Code.

Article 18 This Code shall take effect as of the date of promulgation.