The business operations of the Company are primarily conducted in the PRC and are subject to the supervision and regulation of the PRC government. This section sets forth (i) an introduction to the major PRC government authorities with jurisdiction over our business operations; and (ii) a summary of the principal laws, regulations, and policies to which we are subject.

I. REGULATORY AUTHORITIES

Ministry of Industry and Information Technology

The Ministry of Industry and Information Technology of the PRC (the "**MIIT**") is the primary regulatory authority for industrial sectors and information management in China. It is responsible for formulating and implementing industry plans, industrial policies, and standards; facilitating the strategic adjustment, optimization, and upgrading of industrial structures; and promoting the development of major technical equipment and independent innovation. The MIIT leads the formulation of relevant industrial standards in fields such as intelligent manufacturing, lithium-ion battery equipment, and machine vision. Through the issuance of policy documents such as the Development Plan for Intelligent Manufacturing (《智能製造發展規劃》) and the "Fourteenth Five-Year" Development Plan for Intelligent Manufacturing (《「十四五」智能製造發展規劃》), the MIIT provides policy guidance and support for the lithium-ion battery intelligent equipment and machine vision inspection sectors in which the Company operates.

National Development and Reform Commission

The National Development and Reform Commission of the PRC (the "**NDRC**") is responsible for formulating and organizing the implementation of national economic and social development strategies, medium- to long-term plans, and annual plans, as well as researching and formulating industrial policies. The NDRC periodically compiles and issues the Guidance Catalog for Industrial Structure Adjustment (《產業結構調整指導目錄》), which classifies lithium-ion battery intelligent equipment and photovoltaic intelligent equipment as encouraged industries. It is also responsible for the administration of verification, approval, and filing for overseas investment projects undertaken by enterprises.

State Administration for Market Regulation

The State Administration for Market Regulation of the PRC (the "**SAMR**") is responsible for the supervision and administration of product quality and safety, the unified management of standardization work, and the formulation and implementation of the strategy of strengthening the nation through quality. Matters including quality certification, metrological verification, and compulsory product certification for the lithium-ion battery intelligent equipment and machine vision inspection equipment produced by the Company are subject to the relevant regulations of the SAMR.

Ministry of Commerce

The Ministry of Commerce of the PRC is responsible for formulating and implementing foreign trade policies, laws, and regulations; implementing licensing management for the import and export of goods and technologies; and overall coordination of policies related to export controls. As the Company's products involve export business, our operations are subject to the MOFCOM's regulations regarding the administration of the import and export of goods.

General Administration of Customs

The General Administration of Customs of the PRC is responsible for nationwide customs work and performs supervision, taxation, and inspection of inbound and outbound goods and means of transport in accordance with the law. Matters such as customs declaration, tax payment, and inspection for the export of the Company's products and the import of raw materials must comply with the relevant regulations of the GAC.

State Administration of Foreign Exchange

The State Administration of Foreign Exchange of the PRC (the "**SAFE**") is responsible for regulating the foreign exchange market; collecting, monitoring, and analyzing the balance of payments; supervising and administering the foreign exchange receipts and payments as well as the foreign exchange business activities of domestic institutions and individuals; and managing relevant approval and filing matters for overseas [REDACTED] and capital account foreign exchange.

II. REGULATORY PROVISIONS

Laws and Regulations Relating to the Company

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993, and most recently amended on December 29, 2023 (effective from July 1, 2024), stipulates that companies are generally classified into two categories: limited liability companies and joint stock limited companies. The law sets forth comprehensive provisions regarding the establishment and exit mechanisms of companies, their organizational structures, capital systems, and the responsibilities of controlling shareholders and management. It further specifies that foreign-invested enterprises are also subject to its provisions.

Laws and Regulations Relating to Intelligent Manufacturing Equipment and Product Quality

Product Quality Law of the PRC

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018, stipulates that producers must ensure that the products they manufacture comply with mandatory national or industrial standards for the protection of personal and property safety. Furthermore, labels on products and their packaging must comply with relevant requirements, and sellers are required to establish and implement a system for the inspection and acceptance of incoming goods.

Standardization Law of the PRC

The Standardization Law of the PRC (《中華人民共和國標準化法》), as amended by the SCNPC on November 4, 2017, and effective from January 1, 2018, stipulates that the state establishes a standard system that combines mandatory standards with recommended standards. Technical requirements concerning the protection of human health as well as the safety of life and property must be formulated as mandatory national standards, and no entity or individual may operate below the requirements set by such mandatory standards. Key technical standards applicable to the fields of lithium batteries and intelligent manufacturing equipment include the Comprehensive Standardization Technical System for Lithium-ion Batteries (《鋰離子電池綜合標準化技術體系》) and a series of standards pertaining to the machinery industry and electrical installations.

Principal Industrial Policies of the Industry

Guidance Catalog for Industrial Structure Adjustment (2024 Edition)

The Guidance Catalog for Industrial Structure Adjustment (2024 Edition) (《產業結構調整指導目錄(2024年本)》), implemented by the NDRC with effect from February 1, 2024, classifies lithium-ion battery intelligent equipment and photovoltaic intelligent equipment as "encouraged" industries. This classification entitles relevant enterprises to policy support in areas such as investment and financing, taxation, and land use.

"Fourteenth Five-Year" Development Plan for Intelligent Manufacturing

The "Fourteenth Five-Year" Development Plan for Intelligent Manufacturing (《「十四五」智能製造發展規劃》), issued by the MIIT in December 2021, sets a target that by 2025, manufacturing enterprises above a designated size shall basically achieve digitalization, while backbone enterprises in key industries shall initially realize intelligent transformation. The plan calls for accelerated breakthroughs in key technologies such as novel sensing, control, inspection, communication, and human-machine interaction, and emphasizes support for the R&D and application of intelligent manufacturing equipment, industrial software, and system solutions.

Development Plan for the New Energy Vehicle Industry (2021–2035)

The Development Plan for the New Energy Vehicle Industry (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》), implemented by the State Council with effect from October 20, 2020, proposes that by 2025, the sales volume of new energy vehicles shall reach approximately 20% of total new vehicle sales, and by 2035, battery electric vehicles shall become the mainstream of new vehicles sold. By prioritizing power batteries as a key direction for technical breakthroughs, this plan has effectively driven the demand for high-precision vision inspection equipment and automated intelligent equipment in the production of lithium-ion battery cells.

Announcement on the Extension and Optimization of the NEV Purchase Tax Exemption Policy

The Announcement jointly issued by the Ministry of Finance, the State Taxation Administration, and the MIIT on June 19, 2023, stipulates that NEVs purchased between January 1, 2024 and December 31, 2025, are exempt from vehicle purchase tax, while those purchased between January 1, 2026, and December 31, 2027, will receive a 50% tax reduction. This policy provides sustained support for NEV market demand, thereby driving the continuous demand for lithium-ion battery intelligent equipment as power battery production capacity expands.

Action Plan for Carbon Peaking Before 2030

The Action Plan for Carbon Peaking Before 2030 (《2030年前碳達峰行動方案》), issued by the State Council in October 2021, explicitly proposes to accelerate the development of new energy storage and clean energy industries and promote the large-scale application of power batteries and energy storage batteries. This plan further provides policy momentum for the expansion of downstream battery manufacturing.

Laws and Regulations Relating to Work Safety

The Work Safety Law of the PRC (《中華人民共和國安全生產法》), as amended by the SCNPC on June 10, 2021, and effective from September 1, 2021, stipulates that production and business entities must establish and improve a work safety responsibility system for all employees along with internal rules and regulations. Enterprises are required to increase investment in safety-related funds, materials, technology, and personnel, and to build a dual prevention mechanism consisting of the hierarchical control of safety risks and the identification and rectification of hidden dangers. The primary person in charge of a production or business entity is designated as the person of first responsibility for work safety and is fully accountable for the entity's safety operations. Violations of this law may result in fines, administrative penalties, and orders to cease production; in serious cases, criminal liability shall be pursued in accordance with the law.

Laws and Regulations Relating to Import/Export Management and Export Control

Foreign Trade Law of the PRC

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), promulgated by the SCNPC on May 12, 1994, and most recently amended on December 27, 2025, stipulates that the state shall permit the free import and export of goods and technologies, save as otherwise provided by laws or administrative regulations. The state may, however, prohibit or restrict the import or export of relevant goods and technologies for reasons such as maintaining national security or public interests. Management of goods subject to such restrictions is implemented through mechanisms including quotas and licensing.

Customs Law of the PRC

The Customs Law of the PRC (《中華人民共和國海關法》), promulgated by the SCNPC on January 22, 1987, and most recently amended on April 29, 2021, stipulates that all import and export goods must be declared to the Customs, which shall then conduct inspections of the goods and their means of transport in accordance with the law. Pursuant to this law, consignees of imported goods, consignors of exported goods, and customs declaration enterprises are required to complete filing procedures with the Customs. Furthermore, while imported goods are subject to the payment of import duties and value-added tax as required by law, exported goods may, in accordance with relevant regulations, apply for a refund of the VAT previously paid.

Export Control Law of the PRC

The Export Control Law of the PRC (《中華人民共和國出口管制法》), promulgated by the SCNPC on October 17, 2020, and effective from December 1, 2020, implements export controls on dual-use items, military products, nuclear items, and other goods, technologies, or services related to maintaining national security and interests, or fulfilling international obligations such as non-proliferation. The MOFCOM, in conjunction with other relevant departments, is responsible for formulating, adjusting, and publishing export control lists and implementing classified management of export operators. A license must be obtained to export controlled items; any unauthorized export without a valid license shall result in legal liability.

Regulations of the PRC on the Administration of the Import and Export of Goods

The Regulations of the PRC on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), promulgated by the State Council on December 10, 2001, and most recently amended on March 10, 2024, stipulate that the state implements a uniform management system for the import and export of goods. For restricted imports subject to quantity limits, quota management shall be implemented; for other restricted imports, licensing management shall be implemented. For restricted exports subject to quantity limits, quota management shall be implemented; for other restricted exports, licensing management shall be implemented. Any person or entity that, in violation of the provisions of these Regulations, imports or exports restricted goods without authorization and without a permit shall bear corresponding legal liability in accordance with the law.

Laws and Regulations Relating to Foreign Investment

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), promulgated by the National People's Congress on March 15, 2019, and effective from January 1, 2020, stipulates that China has adopted a management system combining pre-establishment national treatment with a negative list. Foreign investment outside the negative list is granted national treatment. In line with this, the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》),

jointly issued by the NDRC and the MOFCOM on September 6, 2024, specifies the sectors where foreign investment is prohibited or restricted. Sectors not included in the negative list are generally deemed permitted for foreign investment.

Regulations Relating to Overseas Investment

According to the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》), implemented by the NDRC with effect from March 1, 2018, an investor undertaking an overseas investment project must fulfill procedures such as project verification, approval, or filing, report relevant information, and cooperate with supervision and inspection. Overseas investment projects are managed through either filing or verification/approval, depending on whether they involve sensitive industries, the catalog of which is published by the NDRC.

Laws and Regulations Relating to Overseas Issuance and Listing

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and its five supporting guidelines, promulgated by the China Securities Regulatory Commission (the "**CSRC**") on February 17, 2023, and effective from March 31, 2023, stipulate that domestic enterprises that directly or indirectly issue securities and list overseas shall fulfill reporting procedures with the CSRC in accordance with the law. These measures explicitly specify that an enterprise shall not proceed with an overseas issuance and listing under any of the following circumstances: where listing and financing are expressly prohibited by laws and regulations; where the overseas issuance and listing may endanger national security; where the controlling shareholder or actual controller has been convicted of relevant crimes within the past three years; where the enterprise is under investigation for suspected crimes or major violations of laws and regulations and no definitive conclusion has been reached; or where there is a major ownership dispute over the equity held by the controlling shareholder. Following an overseas issuance and listing, the issuer is also required to report to the CSRC regarding significant events, such as a change in control or being subject to investigations or penalties by overseas regulatory authorities, in accordance with relevant regulations.

Furthermore, the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), jointly issued by the CSRC and other departments on February 24, 2023, set out the approval procedures for domestic enterprises providing documents involving state secrets to overseas institutions, as well as the requirements for the domestic retention of working papers by intermediaries such as domestic lawyers and auditors.

Laws and Regulations Relating to Environmental Protection

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), as amended by the SCNPC on April 24, 2014, and effective from January 1, 2015, establishes the polluter pays principle and sets forth comprehensive environmental protection obligations for enterprises.

Construction Projects

The Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), as most recently amended by the SCNPC on December 29, 2018, stipulates that a construction entity shall, based on the degree of environmental impact caused, prepare an environmental impact report, an environmental impact report form, or fill out an environmental impact registration form. The Regulations on the Administration of Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), most recently amended by the State Council on July 16, 2017, stipulate that for a construction project with environmental impact, an environmental impact report or an environmental impact report form shall be prepared, or an environmental impact registration form shall be filled out in accordance with the law; upon completion of the project, supporting pollution prevention and control facilities must be constructed and undergo an acceptance inspection; and no project that has not undergone an acceptance inspection or has failed to pass the inspection shall be put into production or use.

Pollutant Discharge Permits

The Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), issued by the State Council on January 24, 2021, and effective from March 1, 2021, stipulate that enterprises, public institutions, and other producers or operators subject to pollutant discharge permit management must comply with the terms of their permits. They are required to operate and maintain pollution prevention and control facilities, establish environmental management systems, and strictly control the discharge of pollutants in accordance with ecological and environmental management requirements.

Solid Waste Disposal

Under the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), issued by the SCNPC on April 29, 2020, and effective from September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes, or disposes of solid waste must take measures to prevent or reduce environmental pollution and shall bear legal liability for any environmental pollution caused thereby.

Laws and Regulations Relating to Intellectual Property

Patents

The Patent Law of the PRC (《中華人民共和國專利法》), as amended by the SCNPC on October 17, 2020, and effective from June 1, 2021, stipulates that the duration of an invention patent is twenty years, the duration of a utility model patent is ten years, and the duration of a design patent is fifteen years, all calculated from the date of application. No entity or individual may implement a patented technical solution for production or business purposes without the explicit authorization of the patentee.

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), as amended by the SCNPC on April 23, 2019, and effective from November 1, 2019, a registered trademark remains valid for ten years, commencing from the date of approval for registration. Upon expiration, the holder may apply for a renewal, with each renewal granting an additional ten-year period of validity.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), as amended by the SCNPC on November 11, 2020, and effective from June 1, 2021, protects original intellectual achievements in the fields of literature, art, and science, specifically including computer software. Furthermore, the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), as amended by the State Council in 2013, provide detailed rules for the registration and protection of software copyrights, with the National Copyright Administration designating the Copyright Protection Center of China (CPCC) as the official software registration authority.

Domain Names

The Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), promulgated by the MIIT on August 24, 2017, and effective from November 1, 2017, stipulate that domain name registrations must be processed through registration service agencies licensed by telecommunications regulatory authorities. An applicant becomes the official domain name holder upon successful registration.

Trade Secrets

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), as amended by the SCNPC on June 27, 2025, and effective from October 15, 2025, trade secrets refer to technical, business, or other commercial information that is not known to the public, possesses commercial value, and for which the right holder has taken corresponding confidentiality measures. Any act of infringing upon another's trade secrets through theft, fraud, coercion, or other improper means is strictly prohibited by law.

Laws and Regulations Relating to Data Compliance

The Data Security Law of the PRC (《中華人民共和國數據安全法》), promulgated by the SCNPC on June 10, 2021, and effective from September 1, 2021, requires data processors to establish and improve a comprehensive data security management system covering the entire data lifecycle, implement classification and hierarchical management of data, and adopt necessary technical measures to ensure data security. The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), promulgated by the SCNPC on August 20, 2021, and effective from November 1, 2021, sets forth comprehensive provisions for processing activities such as the collection, storage, use, transmission, and deletion of personal information, while clarifying the notification obligations and compliance requirements for personal information processors. Furthermore, the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), as amended by the SCNPC on October 28, 2025, and effective from January 1, 2026, mandates that network operators adopt technical measures to fulfill their cyber security protection obligations and significantly strengthens the legal liabilities for non-compliance. The Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》), promulgated by the State Council on September 24, 2024, and effective from January 1, 2025, provide further detailed rules on the security management obligations of network data processors and the rules governing cross-border data flows.

Laws and Regulations Relating to Foreign Exchange Management

The Administrative Regulations of the PRC on Foreign Exchange (《中華人民共和國外匯管理條例》) (State Council Order No. 532), promulgated by the State Council on January 29, 1996, and amended on August 1, 2008, serves as the fundamental administrative regulation for foreign exchange management in China. It stipulates that the state shall not impose restrictions on current international payments and transfers; however, domestic institutions and individuals seeking to conduct direct overseas investment or engage in the issuance or trading of overseas securities must complete registration in accordance with the regulations of the state foreign exchange authority. Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies for the Administration of Settlement of Foreign Exchange under Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), effective from June 9, 2016, foreign exchange receipts under capital accounts — including foreign exchange capital, external debt funds, and funds repatriated from overseas listings — may be settled at banks based on the actual business needs of the domestic institution. Such funds, however, may not be used, directly or indirectly, for expenditures outside the entity's business scope or for purposes prohibited by laws and regulations. Additionally, according to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) (effective from 2014), funds raised by domestic companies through overseas listings may be repatriated to

China or deposited abroad, provided that the use of such funds is consistent with the public disclosures in this document and other documents. Domestic companies must complete overseas listing registration within 15 working days following the completion of the overseas issuance.

Laws and Regulations Relating to Labor Protection

Pursuant to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007, and subsequently amended on December 28, 2012 (effective from July 1, 2013), a labor relationship is established between an employer and a worker as of the date the worker commences work. Employers are required to enter into written labor contracts, provide lawful working conditions and protection, and pay labor remuneration in full and on time. The Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the SCNPC on October 28, 2010, and amended on December 29, 2018, stipulates that employers must contribute to basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance for their employees. Furthermore, the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999, and amended on March 24, 2019, mandate that employers deposit housing provident fund contributions for their employees on a timely basis.

Laws and Regulations Relating to Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated by the SCNPC on March 16, 2007, and most recently amended on December 29, 2018, along with its implementation rules, resident enterprises established in China are subject to a statutory enterprise income tax rate of 25% on their worldwide income. Qualified "High and New Technology Enterprises" are entitled to a preferential tax rate of 15%. Non-resident enterprises deriving passive income from sources within China are subject to a reduced tax rate of 10%.

Value-Added Tax

The Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the SCNPC on December 25, 2024, and effective from January 1, 2026, together with its implementation rules, stipulates that entities and individuals engaged in the sale of goods, services, intangible assets, or immovable property within the PRC, as well as those importing goods, are taxpayers of value-added tax and shall pay VAT accordingly. Specifically, a VAT rate of 13% applies to the sale of goods, tangible movable property leasing services, and the import of goods; a rate of 9% applies to the sale of construction services and immovable property leasing services; and a rate of 6% applies to the sale of other services and intangible assets.