LAWS AND REGULATIONS IN THE PRC

Regulations Relating to Companies

The *Company Law of the PRC* (《中華人民共和國公司法》) was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993 and implemented since July 1, 1994, and last amended on December 29, 2023 and came into effect on July 1, 2024. The major amendments to the latest Company Law of the PRC, which came into effect on July 1, 2024, include improving the company establishment and exit regime, optimizing the organizational structures of companies, improving the capital system of companies, strengthening the responsibilities of controlling shareholder and management, and reinforcing the corporate social responsibilities, among others.

Regulations Relating to Foreign Investment

Investment activities in China by foreign investors are principally regulated by (i) the *Catalog of Industries for Encouraging Foreign Investment* (《鼓勵外商投資產業目錄》) (the "**Encouraging Catalog**"), (ii) the *Special Administrative Measures for Access of Foreign Investment* (《外商投資准入特別管理措施(負面清單)》(the "**Negative List**"), each of which was promulgated and amended from time to time by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the National Development and Reform Commission of the PRC (the "**NDRC**"), and (iii) the *Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was adopted by the National People's Congress on March 15, 2019, and became effective on January 1, 2020, as well as their respective implementation rules and ancillary regulations.

The Encouraging Catalog and the Negative List lay out the basic framework governing foreign investment in China, classifying businesses into three categories, namely the "encouraged" category, the "restricted" category, and the "prohibited" category, based on the level of participation allowed to and conditions required of foreign investment.

Our subsidiary is planning to conduct internet information service in the future, which falls under the restricted category under the Negative List.

The Foreign Investment Law

The Foreign Investment Law is formulated to further expand the opening-up of the Chinese economy, vigorously promote foreign investment and safeguard the legitimate rights and interests of foreign investors.

On December 26, 2019, the State Council promulgated the *Implementation Regulations on the Foreign Investment Law* (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020, and further requires that FIEs and domestic enterprises be treated equally with respect to policy making and implementation.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation of the PRC (the "**SAMR**") jointly issued the *Measures for Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) (the "**Foreign Investment Information Measures**"), which came into effect on January 1, 2020.

Regulations Relating to Overseas Investment

The *Measures for Overseas Investment Management* (《境外投資管理辦法》) was promulgated by the MOFCOM on March 16, 2009, which was amended on September 6, 2014 and came into effect on October 6, 2014. If the overseas investments involve sensitive countries and regions or industries, they shall be subject to the approval of competent authorities. For other overseas investments, they shall be subject to filing administration.

The *Administrative Measures for Outbound Investment by Enterprises* (《企業境外投資管理辦法》) was promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018. To conduct overseas investment, certain procedures shall be compiled with, including approval and record-filing of overseas investment projects, reporting relevant information and cooperating with the supervision and inspection. The NDRC promulgated the *Catalog of Sensitive Sectors for Outbound Investment* (2018 Edition) (《境外投資敏感行業目錄(2018年版)》) on January 31, 2018 and came into effect on March 1, 2018, to list the current sensitive industries in detail.

According to (i) the *Foreign Exchange Administration Rules on Outbound Direct Investment of the PRC Organizations* (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (the "**SAFE**") on July 13, 2009 and became effective on August 1, 2009 and (ii) the *SAFE Notice of the Policies on Further Simplifying and Improving the Foreign Exchange Administration of Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015 and became effective on June 1, 2015, which was partially abolished by the SAFE, a PRC enterprise which has completed the approval or filing procedures at the outbound investment regulatory authorities shall make the registration with SAFE through its designated banks in connection with its outbound direct investment and obtain a corresponding SAFE registration certificate.

Regulations Relating to Production Safety

On June 29, 2002, the Standing Committee of the National People's Congress (the "**SCNPC**") promulgated the *Production Safety Law of the PRC* (《中華人民共和國安全生產法》) (the "**Production Safety Law**"), which was recently amended by the SCNPC on June 10, 2021 and became effective on September 1, 2021. According to the Production Safety Law, enterprises that are engaged in production and business activities shall abide by the relevant laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism, and improve the level of work safety so as to ensure workplace safety.

Regulations Relating to Product Quality

According to 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 recently amended with immediate effect on December 29, 2018, producers shall: (i) be responsible for the quality of the products they produce; (ii) not produce products that have been explicitly eliminated by the state; (iii) not forge the place of origin, forge or falsely use the name and address of another person's factory; and not forge or fraudulently use quality marks such as certification marks; (iv) not produce or market adulterated products or use fake goods as genuine or sub-standard products as standard; and (v) ensure that the packaging quality of fragile, flammable, explosive, toxic, corrosive, radioactive and other dangerous goods, products that cannot be inverted during storage and transportation and other products with special requirements meets the corresponding requirements, and make warning signs or warning instructions in Chinese, or indicate matters needing attention during storage and transportation.

According to the *Civil Code of the PRC* (《中華人民共和國民法典》) promulgated by the National People's Congress of the PRC on May 28, 2020 and became effective on January 1, 2021, if a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product.

Regulations Relating to the Import and Export of Goods and Technology

According to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994, which was recently amended with immediate effect on 30 December 2022, and the *Notice of the Department of Enterprise Management and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export Goods* (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) published by the General Administration of Customs of the PRC with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it.

Regulations Relating to Internet Information Service

Internet information service is a type of value-added telecommunications service in the current catalog, the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on June 6, 2019. A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations. As of the Latest Practicable Date, our subsidiary Zhejiang Shunyun Internet Technology Co., Ltd. (浙江舜雲互聯技術有限公司), or Zhejiang Shunyun, held an ICP License. We originally planned to operate an online mall through Zhejiang Shunyun, with which we intended to integrate the entire process from purchase order to product operation. However, as of the Latest Practicable Date, we have not initiated substantial operation of the online mall and Zhejiang Shunyun has not conducted any internet information service or other value-added telecommunication business. Considering our potential future need for an internet platform in relation to the electric drive solution industry chain, we have retained the ICP license and will conduct such business through Zhejiang Shunyun if our need for an internet platform becomes imminent in the future.

Regulations Relating to Anti-Monopoly and Anti-Unfair Competition

Anti-Monopoly

According to the *Anti-Monopoly Law of the PRC* (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**") promulgated by the SCNPC on August 30, 2007 and implemented since August 1, 2008, and last amended on June 24, 2022 and implemented since August 1, 2022, the Anti-Monopoly Law applies to the monopolistic practices in domestic economic activities in the PRC as well as the monopolistic practices outside the PRC which have exclusion or restriction effects on domestic market competitions. Operators who violate the provisions of the Anti-Monopoly Law shall be ordered by the anti-monopoly law enforcement authority to stop the illegal act and may be imposed a fine.

Anti-Unfair Competition Law

According to the *Anti-Unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**") promulgated by the SCNPC and last amended on April 23, 2019, operators shall comply with the principle of voluntariness, equality, fairness, integrity and abide by laws and business ethics in market transactions. Operators who violate the Anti-Unfair Competition Law shall bear corresponding civil, administrative and criminal responsibilities depending on the specific circumstances.

Regulations Relating to Construction and Environmental Protection

According to the *Urban and Rural Planning Law of the PRC* (《中華人民共和國城鄉規劃法》) which was promulgated by the SCNPC with effect from January 1, 2008 and recently amended with immediate effect on April 23, 2019, the *Construction Law of the PRC* (《中華人民共和國建築法》) which was promulgated by the SCNPC with effect from March 1, 1998 and recently amended with immediate effect on April 23, 2019, the *Measures for Administration of Construction Permits for Construction Projects* (《建築工程施工許可管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on June 25, 2014 and recently amended with immediate effect on March 30, 2021, and the *Regulation on Quality Management of Construction Projects* (《建設工程質量管理條例》) which was promulgated on January 30, 2000 and amended with immediate effect on April 23, 2019, the construction activities carried out in the built-up areas of cities, towns and villages as well as areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of the *Urban and Rural Planning Law of the PRC*.

According to the *Regulations on the Administration of Approval and Filing of Enterprise Investment Projects* (《企業投資項目核准和備案管理條例》), which was promulgated by the State Council on November 30, 2016 and came into effect on February 1, 2017, projects related to national security, major productivity distribution, strategic resource development and major public interests are subject to approval management.

According to the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, amended on April 24, 2014 and became effective on January 1, 2015 and other relevant environmental laws and regulations, entities generating environmental pollution and other public hazards must incorporate environmental protection measures into their plans and set up a responsibility system of environmental protection. Construction projects shall go through the environmental impact assessment procedure accordingly.

Regulations relating to pollutant discharge permits

According to the *Regulations on the Administration of Pollutant Discharge Permits* (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and came into effect on

March 1, 2021, enterprises, institutions and other producers and operators subject to pollutant discharge permit management should apply for and obtain pollutant discharge permits in accordance with the provisions of the regulations. Those who have not obtained pollutant discharge permits are not allowed to discharge pollutants.

According to the *Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution* (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and became effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

Regulations Relating to Labor, Social Insurance and Housing Provident Fund

Labor contract

According 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, which was and recently amended on December 28, 2012 and became effective on July 1, 2013, and the *Implementation Rules of the Labor Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council with immediate effect on September 18, 2008, a written employment contract shall be entered into to create an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is created, the employer must enter into a written employment contract with the employee and pay the employee an amount equal to twice such employee's salary for the period from the day following the lapse of one month from the date of the creation of the employment relationship to the day prior to the execution of the written employment contract.

Social insurance and housing provident fund

According to 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 with immediate effect on December 29, 2018, the *Administrative Regulations on Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and recently amended with immediate effect on March 24, 2019 and the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and amended with immediate effect on March 24, 2019, a domestic enterprise shall pay a premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing provident fund for its employees at an appropriate percentage based on the amounts stipulated by the laws. Employers who fail to promptly contribute social insurance premiums in full amount shall be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears. And if the employer fails to pay the housing fund within the prescribed time, it may be ordered to pay within a certain period of time, and if it still fails to pay, compulsory enforcement by the court can be applied.

Regulations Relating to Intellectual Property

Patent

According to the *Patent Law of the PRC* (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and recently amended on October 17, 2020 and became effective on June 1, 2021, and the *Implementation Rules of the Patent Law of the PRC* (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, which was recently amended on December 11, 2023 and became effective on January 20, 2024, the patent administrative department under the State Council is responsible for the administration of patent-related work nationwide and the patent administration departments of the provincial, autonomous regions or municipal governments are responsible for the administration of patents within their respective administrative areas.

Trademark

According to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, which was recently amended on April 23, 2019 and became effective on November 1, 2019, the Trademark Office of the State Administration for Industry and Commerce Authority (the predecessor of the SAMR), under the State Council is responsible for the registration and administration of trademarks in China. On April 29, 2014, the State Council issued the revised *Implementing Regulations of the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》), which specifies the requirements for the application of trademark registration and renewal.

Copyright

On September 7, 1990, the SCNPC promulgated the *Copyright Law of the PRC* (《中華人民共和國著作權法》) (the "**Copyright Law**"), which was recently amended on November 11, 2020. The latest amendment took effect on June 1, 2021 and extends copyright protection to internet activities, products disseminated over the internet and software products.

In order to further implement the *Regulations on Computer Software Protection* (《計算機保護條例》), promulgated by the State Council on June 4, 1991, which was recently amended on January 30, 2013 and became effective on March 1, 2013, the National Copyright Administration issued the *Measures for the Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) on February 20, 2002, which specifies detailed procedures and requirements with respect to the registration of software copyrights.

Domain names

According to the *Administrative Measures for Internet Domain Names* (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective from November 1, 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the Central Government.

Regulations Relating to EIT and Value-Added Tax

According to the EIT Law recently amended by the SCNPC and became effective on December 29, 2018, and the *Implementation Rules of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) recently amended by the State Council on December 6, 2024, an enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of the foreign country (region) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) amended in November 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-Added Taxes (《中華人民共和國增值稅暫行條例實施細則》) amended in October 2011, all entities or individuals engaged in the sale of goods, provision of processing, repair and maintenance services, or importation of goods within China shall be value-added tax taxpayers and subject to value-added tax in accordance with relevant laws and regulations. Through the value-added tax reform in China, value-added tax rates have undergone multiple adjustments and value-added tax are regulated by the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was implemented in January 2026.

Regulations on Securities and Overseas Listings

Securities laws and regulations

The Securities Law regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas listing

On February 17, 2023, the CSRC promulgated the *Trial Administrative Measures of the 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 circulated five supporting guidelines (collectively, the "**Filing Rules**"), which has become effective on March 31, 2023. The Filing Rules has comprehensively improved and reformed the regulatory regime for overseas offering and listing of the PRC domestic companies' securities and regulate both direct and indirect overseas offering and listing of the PRC domestic companies' securities by adopting a filing-based regulatory regime. The Filing Rules apply to all overseas equity financing and listing activities of PRC domestic companies, including initial and follow-on offerings of shares, depository receipts, convertible corporate bonds, or other equity instruments and trading of securities in overseas market. On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises* (《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》), which has become effective on March 31, 2023.

Other Regulations

Information disclosure

A listed company shall establish a sound information management system in accordance with the regulatory requirements of the securities authorities, market practice, its specific circumstances, and the general information disclosure requirements for listed companies, such as the *Administrative Measures for the Disclosure of Information of Listed Companies* (《上市公司信息披露管理辦法》) promulgated by CSRC on January 30, 2007, which was most recently amended on March 26, 2025 and is effective since July 1, 2025.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED STATES

Businesses operating in the United States are subject to a variety of federal, state and local laws and regulations. U.S. regulations expected to be material to our operations are those relating to, among others, product safety, product liability, data privacy and customs and imports procedures as described below. In addition, measurement and control devices are also subject to federal communications laws (the "**FCC**"), health and safety regulations ("**FDA**" for medical-related devices), and California consumer and privacy laws.

Product Safety

The law of product safety is primarily under the jurisdiction of the U.S. Consumer Product Safety Commission (the "**CPSC**"), an administrative agency of the United States federal government that regulates certain classes of products sold to the public. The CPSC was established pursuant to the 1972 Consumer Product Safety Act (as amended, the "**CPSA**"). The CPSA is the umbrella statute at the federal level with respect to product safety for consumer products.

The CPSA was amended by the U.S. Consumer Product Safety Improvement Act of 2008 (the "**CPSIA**") in 2008 to provide CPSC with new regulatory and enforcement tools. The implementation of CPSIA was a significant overhaul of consumer product safety laws in the United States and was designed to enhance federal and state efforts to improve the safety of all products imported into and distributed in the United States. Products imported into the United States which fail to comply with CPSIA's requirements are subject to confiscation and the importer and/or distributor in the United States is subject to civil penalties and fines, as well as possible criminal prosecution. Under the CPSIA, a "general conformity certification" is required for any consumer product imported into the United States that is subject to a consumer product safety rule, standard, regulation, or ban pursuant to the CPSA or issued by the CPSC. The requirement applies to all subcontractors and importers of goods. Those parties must certify that their products comply with all applicable consumer product safety rules and laws such as the CPSA, the Flammable Fabrics Act, the Federal Hazardous Substance Act, and the Poison Prevention Act. The CPSA specifies that certification must be based on a "test of each product or a reasonable testing program." The certificate must accompany the product or shipment of products, and a copy must be furnished to each distributor or retailer and U.S. Customs and Border Protection (the "**CBP**"). The CPSC may also request a copy of the certification.

The CPSA also contains several reporting requirements for subcontractors and sellers of consumer products sold in the U.S. Section 15 of the CPSA requires a manufacturer or a seller to inform the CPSC immediately in the event it obtains information that any of its products: (1) creates a substantial risk of injury to consumers; (2) creates an unreasonable risk of serious injury or death; or (3) fails to comply with an applicable consumer product safety rule or with any other rule, regulation, standard, or ban under the CPSA or any other statute enforced by the CPSC. The CPSC may require the manufacturer or the seller to cease distribution of the product, and notify each person to whom the manufacturer or the seller knows such product was sold of such noncompliance, defects or risk. In certain circumstances, the CPSC may require the manufacturer or the seller to bring the product into conformity with the applicable product safety rules, repair the defect in the product, replace the product with an equivalent product that complies with the applicable product safety rules, issue a product recall and/or refund the purchase price of the product.

Federal product-related regulations:

Federal Communications Commission (FCC) Part 15 (47 CFR Part 15): All electronic devices sold in the U.S. must comply with electromagnetic emission standards, including intentional radiators (Wi-Fi, Bluetooth) and unintentional radiators (digital circuits). FCC testing and certification are required.

Proposition 65

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986 (the "**Prop 65**"), is a California law that requires that California consumers receive warnings regarding the presence of more than 900 chemicals that the State of California has identified as known to cause cancer and/or reproductive harm. The law is highly technical, constantly evolving, and actively enforced by the government and private enforcement action. Under Prop 65, any person in the course of doing business must provide a "clear and reasonable warning" before exposing individuals to listed carcinogens and reproductive toxins in their products. Prop 65 provides detailed requirements for the form, content, and placement of the required warning.

If a company manufactures, imports, distributes or sells a product that will be sold in California either through brick and mortar stores, catalogs, or online e-commerce sites, or if a company has a physical presence of any kind in California (retail, office, warehouse, facility, factory, plant, etc.), then that company must abide by Prop 65 requirements. Prop 65 places the primary responsibility for providing any necessary warnings regarding the presence of one or more of these listed chemicals on the manufacturer of the product. The California Office of Environmental Health Hazard Assessment (OEHHA) has set out information and regulations regarding the content of such warnings and also requirements allowing companies to provide notice of the potentially toxic chemical content of the product and need for a Prop 65 warning either to the authorized agent for the business to whom they are selling or transferring the product, i.e., the next business in line, or to the authorized agent for the retail seller. Many retail sellers, however, require that the manufacturer of the product be responsible for providing any necessary Prop 65 warnings.

California law

California Consumer Privacy Act (CCPA/CPRA) applies to businesses collecting personal data from California residents (including through measurement apps linked to iPads) that requires disclosure, opt-out rights, and data protection. California Unfair Competition Law (Bus. & Prof. Code §17200) and False Advertising (§17500) prohibits misleading claims about device measurement accuracy or performance.

Product Liability Law

U.S. state law generally imposes liability on all subcontractors and retailers (and parties in the supply chain) for injuries that result from unsafe, defective and dangerous products sold to consumers. Product liability claims in the United States are typically based on three theories of law: (1) strict liability, (2) negligence and (3) breach of warranty. In addition, as noted above, U.S. laws and regulations can also obligate subcontractors and retailers (and parties in the supply chain) to remedy product defects, which can include safety recall campaigns. Parties involved in manufacturing, distributing or selling a product may be subject to liability for harm caused by a defect in that product. There are three types of product defects, namely, design defects, manufacturing defects and defects in marketing. In a negligence claim, a defendant may be held liable for personal injury or property damage caused by the failure to use due care. Strict liability claims, however, do not depend on the defendant's level of care. Instead, a defendant is liable when it is shown that an injury (personal or to property) occurred as the result of a product's defect. Breach of warranty, while conceptually distinct from strict liability in tort, likewise does not require a showing of negligence or fault; the plaintiff needs only establish that the warranty was breached, regardless of how that came about. Companies that manufacture, distribute or sell a product in a particular state may be subject to the jurisdiction of such state's product liability laws, whether the company's jurisdiction of incorporation or principal place of business is in that state, in another U.S. state or in a non-U.S. jurisdiction. Product liability legal actions and recall campaigns in the United States could involve personal injury and property damage and could involve claims for substantial monetary damages. The outcomes of any potential litigation and claims involving product liability in the United States are inherently unpredictable. Nevertheless, based on our past experience, we do not anticipate that, in the aggregate, the outcome of any such litigation and claims involving us, if any, involving us will have a material effect on our consolidated financial position or liquidity.

Data Privacy

We are subject to a variety of laws and regulations in the United States that involve privacy, data protection and personal information, data security, and data retention and deletion. In particular, we are subject to federal, state, and foreign laws regarding privacy and protection of people's data. U.S. federal and state laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently across jurisdictions and may diverge from our current policies and practices. Additional data privacy and security rules, such as California Consumer Privacy Act, granting California residents right to know, delete and opt-out sale/sharing of their personal data, and Federal Trade Commission (Section 5), prohibiting unfair or deceptive practices, including failures in data security or privacy misrepresentations.

Import Tariffs and Customs Regulations

United States customs regulations (the "**Customs Regulations**"), administered by CBP, apply to any products entering the United States. Those regulations cover, among other areas, valuation of goods, classification, record keeping requirements, entry formalities, and laws related to duties and tariffs. The United States imposes tariffs on certain goods imported from various countries. Tariff rates are generally set forth in the Harmonized Tariff Schedules of the United States (the "**HTSUS**"). However, it is worth noting that embargoes, antidumping duties, countervailing duties, and other specific matters administered by the United States executive branch are not contained in the HTSUS and that various regulations or administrative actions could result in modification of these duties. Section 201 of the Trade Act of 1974, 19 USC §2101 et. seq. (the "**Trade Act**") permits the President of the United States to impose temporary import relief by raising import duties or imposing non-tariff barriers (e.g., quotas) on goods entering the United States that cause or threaten serious injury to domestic industries producing similar goods. Section 301 of the Trade Act authorizes the President of the United States to take all appropriate action, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates an international trade agreement or is unjustified, unreasonable, or discriminatory, and that burdens or restricts U.S. commerce. The law does not require that the U.S. government wait until it receives authorization from the World Trade Organization to take such enforcement actions.