We are subject to a variety of laws, rules and regulations across a number of aspects of our business. This section summarizes the principal laws, rules and regulations which relate to our business and operations.

PRC REGULATIONS

Regulations on 3D Visual Perception Industry

On August 21, 2025, the State Council promulgated the Opinions on Deeply Implementing the "Artificial Intelligence Plus" Initiative (《關於深入實施「人工智能+」行動的意見》), which aims to promote the deep and extensive integration of artificial intelligence with industries, consumption, and other fields, enhance the intelligent perception and decision-making and execution capabilities of industrial systems, and promote the development and broad application of next-generation smart terminals, such as smart robots, smart home devices and smart wearable devices, in scenarios such as manufacturing, logistics, and lifestyle services, thereby expanding the downstream application scenarios for 3D visual perception products.

On August 22, 2025, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") and the State Administration for Market Regulation of the PRC (the "**SAMR**") jointly issued the Action Plan for Steady Growth of the Electronic Information Manufacturing Industry (2025–2026)(《電子信息製造業2025—2026年穩增長行動方案》), which focuses on the steady growth and high-quality development of the electronic information manufacturing industry, promotes the innovative development of new products such as AI terminals, and strengthens the supply capacity and industrial chain coordination of the electronic information industry, thereby providing industrial policy support for the development of 3D visual sensors and consumer-grade and industrial-grade 3D application equipment.

On March 13, 2026, the National People's Congress of the PRC (the "**NPC**") promulgated the Outline of the 15th Five-Year Plan for National Economic and Social Development (《國民經濟和社會發展第十五個五年規劃綱要》), which sets forth the forward-looking layout of future industries, promotes embodied intelligence and other fields as new drivers of economic growth, and encourages technological innovation in multimodal AI, AI agents, and embodied intelligence. It also advances the intelligent transformation, digitalization, networking, and integration of the manufacturing industry, and promotes the development of smart terminal products and services, thereby providing policy support for the sustained development of the 3D visual perception, robotics, and smart terminal industries.

On June 3, 2026, MIIT issued the Implementation Opinions on the Innovative Development of "Artificial Intelligence Plus Information and Communications" (2026–2028) (《「人工智能+信息通信」創新發展實施意見(2026—2028年)》), which proposes to strengthen the integrated innovation of embodied intelligence and information and communications, promote the adaptation and verification of embodied intelligence with connected communication modules and devices, and vigorously develop smart terminal products such as AI smartphones and computers, smart home devices, and smart wearable devices. It also proposes to promote the large-scale application of intelligent equipment inspection and industrial visual inspection, thereby providing policy support for the expansion of 3D visual perception applications in scenarios such as embodied intelligence, smart terminals, and industrial vision.

Regulations Relating to Weighted Voting Rights

The PRC Company Law, which was amended on December 29, 2023 and became effective on July 1, 2024, provides that a company may, prior to its initial public offering, issue a class of shares with rights different from those of its ordinary shares in accordance with the company's articles of association, including but not limited to shares carrying more or fewer voting rights per share than those of its ordinary shares. At shareholders' meetings, shareholders shall have one vote for each share held, except for shareholders holding a class of shares with different rights.

Pursuant to the Guidelines for the Application of Regulatory Rules — Overseas Offering and Listing No. 1 (《監管規則適用指引－境外發行上市類第1號》) promulgated by the CSRC on February 17, 2023 and effective on the same day, any PRC domestic enterprise

intending to list its shares overseas shall amend its articles of association by reference to the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》) and other relevant rules and regulations promulgated by the CSRC in relation to corporate governance. The CSRC promulgated the Guidelines on the Articles of Association of Listed Companies (2025 Revision) (《上市公司章程指引(2025修訂)》) on March 28, 2025, which became effective on the same day (the "**AoA Guidelines (2025)**"). According to the AoA Guidelines (2025), a company with shares carrying special voting rights shall expressly stipulate in its articles of association, among others, the qualifications of holders of shares carrying special voting rights, the ratio between the number of voting rights carried by shares carrying special voting rights and that carried by ordinary shares, the scope of matters submitted to shareholders' meetings on which holders of shares carrying special voting rights may vote, the lock-up arrangements and transfer restrictions applicable to shares carrying special voting rights, and the circumstances for the conversion of shares carrying special voting rights into ordinary shares. Such provisions in the articles of association shall comply with applicable laws and administrative regulations and the relevant requirements of the CSRC and the relevant stock exchange.

The Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (2026 Revision) (《上海證券交易所科創板股票上市規則(2026年4月修訂)》) (the "**STAR Market Listing Rules**") further provide that the articles of association of a company listed on the STAR Market shall specify the number of voting rights attached to each share carrying special voting rights. Each share carrying special voting rights shall carry the same number of voting rights, which shall not exceed ten times the number of voting rights attached to each ordinary share. Save for the difference in voting rights as provided in the articles of association, ordinary shares and shares carrying special voting rights shall carry identical shareholder rights in all other respects.

Pursuant to 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》) (the "**Overseas Listing Trial Measures**") and the Guidelines for the Application of Regulatory Rules — Overseas Offering and Listing No. 2: Guidelines on the Content and Format of Filing Materials (《監管規則適用指引－境外發行上市類第2號：備案材料內容和格式指引》), both promulgated by the CSRC on February 17, 2023, a PRC domestic enterprise with shares carrying special voting rights shall include in its filing report submitted to the CSRC information relating to such shares, including (i) basic information such as the classes of shares, the duration of the special voting rights arrangement, the qualifications of holders, the ratio between the number of voting rights carried by shares carrying special voting rights and that carried by ordinary shares, and the lock-up arrangements and transfer restrictions applicable to shares carrying special voting rights; (ii) the scope of matters submitted to shareholders' meetings on which shares carrying special voting rights may vote, and the matters to which the special voting rights do not apply; and (iii) risks that may arise from the special voting rights arrangement, such as change of control, and its impact on corporate governance.

Regulations on 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 on 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; and (iv) not produce or market adulterated products or use fake goods as genuine or substandard products as standard. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

According to the Civil Code of the PRC (《中華人民共和國民法典》) (the " **PRC Civil Code**") promulgated by the National People's Congress (the "**NPC**") 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. If the infringer knows that the product is defective and still produces or sells it or fails to take effective remedial measures in accordance with the provisions of the PRC Civil Code, resulting in the death of another person or serious damage to the health of another person, the infringed person shall be entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouseman, and causes damage to another person, the producer or seller of the product shall have the right to recover compensation from the third party after making compensation to the infringed person.

Regulations on Intellectual Properties

Trademarks

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was promulgated by the SCNPC on 23 August 1982, was most recently amended on 23 April 2019 and came into effect on 1 November 2019, and the Regulation on the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on 3 August 2002, was most recently amended on 29 April 2014 and came into effect on 1 May 2014, registered trademarks in the PRC include trademarks for goods, service trademarks, collective trademarks and certification trademarks. The Trademark Office of the China National Intellectual Property Administration handles trademark registrations and grants a validity period of ten years to registered trademarks, which may be renewed for a further ten years upon request prior to the expiry of the period of validity.

Patents

Pursuant to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), which was promulgated by the SCNPC on 12 March 1984, most recently amended on 17 October 2020 and came into effect on 1 June 2021, and the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on 21 December 1992 and most recently amended on 11 December 2023 and came into effect on 20 January 2024, patents in the PRC fall into three categories: invention patents, utility model patents and design patents. The term of patent protection for invention patents is 20 years, the term of patent protection for utility model patents is 10 years, and the term of patent protection for design patents is 15 years, all commencing from the date of application.

Copyright

Pursuant to the Regulation on the Protection of Computer Software (《計算機軟件保護條例》), which was promulgated by the State Council on 4 June 1991, most recently amended on 30 January 2013 and came into effect on 1 March 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated on 6 April 1992, most recently amended by the National Copyright Administration of China (the "**NCAC**") on 18 June, 2004 and came into effect on 1 July 2004, the NCAC is responsible for the administration and supervision of software copyright registration in the PRC and recognises the China Copyright Protection Centre ("**CPCC**") as the software registration organisation. The CPCC shall grant registration certificates to computer software copyright applicants which comply with the provisions of the Regulation on the Protection of Computer Software and the Measures for the Registration of Computer Software Copyright.

Domain Names

According to the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by MIIT on August 24, 2017 and became effective on November 1, 2017, MIIT is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

Regulations on Cybersecurity, Privacy and Data Protection

PRC government authorities have enacted laws and regulations with respect to Internet information security and the protection of personal information from any abuse or unauthorized disclosure. Internet information in China is regulated and restricted from a national security standpoint.

On November 7, 2016, the SCNPC issued the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the " **Cyber Security Law**"), which was amended on October 28, 2025 and became effective on January 1, 2026. The Cyber Security Law is formulated to maintain network security, safeguard cyberspace sovereignty, national security and public interests, and protect the lawful rights and interests of citizens, legal persons and other organizations. The Cybersecurity Law also reiterates certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the Cybersecurity Law may subject a network operator to rectifications, warnings, fines, confiscation of illegal gains, revocation of business permit, cancellation of business license, closedown of websites or even criminal liabilities.

The PRC Civil Code provides that individuals have the right of privacy and no organization or individual shall process any individual's private information or infringe an individual's right of privacy, unless otherwise prescribed by laws or with such individual's prior express consent.

The Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (the "**Data Security Law**") was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permit or even criminal liabilities.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") promulgated on August 20, 2021 and came

into effect on November 1, 2021, provides detailed rules on handling personal information and legal responsibilities. Critical information infrastructure operators and personal information processors processing personal information reaching quantities provided by the national cyberspace administration shall store personal information collected and produced within the borders of the PRC domestically; where they need to provide it abroad, they shall pass a security assessment organized by the national cyberspace administration. Processors of personal information shall, based on the purpose and methods of processing personal information, categories of personal information, the impacts on individuals' rights and interests, and potential security risks, take the measures to ensure that personal information processing activities comply with the provisions of laws and administrative regulations, and prevent unauthorized access as well as the leakage, tampering or loss of personal information.

The Cybersecurity Review Measures (《網絡安全審查辦法》), promulgated by the Cyberspace Administration of China (the "**CAC**") and other related authorities and last amended on December 28, 2021 and was effective on February 15, 2022, proposes the following key matters: (i) Internet platform operators that are engaged in data processing activities which have or may have an implication on national security shall undergo a cybersecurity review; (ii) the CSRC is one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review mechanism; (iii) Internet platform operators that hold personal information of more than one million users and seek to list abroad shall file for a cybersecurity review with the Cybersecurity Review Office; and (iv) the risks of core data, material data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or transmitted to overseas parties, and the risks of critical information infrastructure, core data, material data or large amounts of personal information being influenced, controlled or used maliciously shall be collectively taken into consideration during the cybersecurity review process.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》) (the "**CBDF Provisions**"). In accordance with the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) implemented on September 1, 2022, the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) implemented on June 1, 2023, the Announcement regarding the Implementation of Personal Information Protection Certification (《關於實施個人信息保護認證的公告》) implemented on November 4, 2022, and the CBDF Provisions, data processors transferring data overseas are required to comply with the corresponding data cross-border transfer supervision procedures as stipulated by relevant laws and regulations, except for those meeting exemption conditions. On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform service providers.

Regulations on Import and Export of Goods

The PRC Foreign Trade Law (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and most recently amended on December 27, 2025, with such amendment taking effect on March 1, 2026 and the PRC Regulations on the Administration of 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, most recently amended on March 10, 2024, and came into effect on May 1, 2024, both stipulated that the import and export of goods and technologies to and from the PRC are free, unless otherwise in relevant laws or administrative regulations, and all entities engaging in the business of importation and exportation of goods shall comply with applicable laws and regulations. The PRC Customs Law (《中華人民共和國海關法》) promulgated on January 22, 1987, as most recently amended on April 29, 2021, stipulates that, among other things, the consignee or consignor of import or export goods or a customs agent shall file for record with relevant customs authority before going through any customs declaration procedures. Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021, and effective from January 1, 2022, further gives detailed requirement on the documents needed for the filing and the requirement on reporting certain changes of the filed information to the relevant customs authority.

Regulations on Foreign Investment and Overseas Investment

Company Establishment and Foreign Investment

Companies established and operating in the PRC shall be subject to the PRC Company Law, which was promulgated by the SCNPC on December 29, 1993, implemented on July 1, 1994 and was most recently amended on December 29, 2023 and effective from July 1, 2024. The PRC Company Law provides for the establishment, corporate structure, and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. Unless otherwise provided in the PRC foreign investment laws, the provisions in the PRC Company Law shall prevail.

On March 15, 2019, the NPC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which came into effect on January 1, 2020. The Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020. Pursuant to the Foreign Investment Law, foreign investment refers to the investment activity directly or indirectly conducted by a foreign natural person, enterprise or other organization, collectively the "foreign investors". The Implementation Regulations for the Foreign Investment Law of the PRC have introduced the "look-through" principle and further provided that investments made by foreign-invested enterprises in China should also be governed by the Foreign Investment Law and its Implementing Regulations.

Investments in the PRC by foreign investors and foreign-invested enterprises were regulated by the Special Administrative Measures for Access of Foreign Investment (Negative List)(2024 Edition) (《外商投資准入特別管理措施(負面清單(2024年版))》) (the "**Negative List**"), which was promulgated by the NDRC and the MOFCOM jointly on September 6, 2024 and became effective on November 1, 2024, and the Catalogue of Encouraged Industries for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which was promulgated by the NDRC and the MOFCOM, on December 15, 2025 and became effective on February 1, 2026. Pursuant to the laws and regulations mentioned above, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative List are permitted foreign-invested projects.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020, pursuant to which, since January 1, 2020, for carrying out investment activities directly or indirectly within the territory of China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.

Security Review of Foreign Investment

In February 3, 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) (the "**Circular 6**"), which established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire "de facto control" of domestic enterprises with "national security" concerns.

In August 25, 2011, the MOFCOM promulgated the Rules on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》), effective from September 1, 2011, which provide that the MOFCOM will look into the substance and actual impact of a transaction and prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. On December 19, 2020, the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) was jointly issued by NDRC and MOFCOM, which took effect on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. According to the Measures for the

Security Review of Foreign Investment, a foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in, or making the investment in military related industries.

Outbound Investment by Enterprises

Pursuant to the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》) promulgated on May 5, 2026 and effective from July 1, 2026, as an administrative regulation, it establishes the overarching legal framework for the administration of outbound investment by domestic investors. The Provisions apply to outbound investment by domestic investors, including enterprises, other organizations and resident individuals, who directly or indirectly obtain ownership, control or management rights of enterprises or assets in other countries or regions through investment of assets or equity, or provision of financing or guarantee. The State implements classified and graded whole-process supervision over outbound investment, with the investment competent department and commerce competent department of the State Council formulating, adjusting and implementing outbound investment policies to clarify encouraged, restricted and prohibited outbound investments. Investors shall, in accordance with relevant state regulations, complete procedures including approval/filing, information reporting and cross-border fund registration. The State establishes an outbound investment security review system, under which outbound investments that affect or may affect national security shall be subject to security review by the investment competent department and commerce competent department of the State Council in conjunction with other relevant departments.

Pursuant to the Administrative Measures on Outbound Investments (《境外投資管理辦法》), which was promulgated by the MOFCOM on March 16, 2009 and was most recently amended with effect from October 6, 2014, overseas investments of enterprises involving sensitive countries and regions and sensitive industries shall be subject to examination and approval by the competent department of commerce and other overseas investments of enterprises shall be subject to filing. The competent department of commerce shall carry out the administration of overseas investments of enterprises through the overseas investment administration system, and issue to enterprises which have obtained filing or approval a Certificate of Overseas Investments of Enterprises. When the domestic institution invests in an overseas enterprise through its overseas subsidiary, it shall report to the competent department of commerce after completing the overseas legal formalities of reinvestment.

Pursuant to the Administrative Measures for the Outbound Investments by Enterprises (《企業境外投資管理辦法》), which was promulgated by the NDRC on December 26, 2017 and became effective on March 1, 2018, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby and the approval authority is NDRC. Projects subject to filing are non-sensitive projects directly carried out by investors.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

Regulations on Leasing of Real Property

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, and last amended on August 26, 2019, and took effect on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental prices, rental and repair liabilities, and other rights and obligations of both parties. In addition, pursuant to the Law on Administration of Urban Real Estate of the PRC and the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural

Development on December 1, 2010, and became effective on February 1, 2011, both lessor and lessee are required to register the lease within 30 days from execution of the property lease contract with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines ranging from RMB1,000 to RMB10,000.

Pursuant to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if neither the lessor nor the lessee has completed the registration and filing procedures for the lease contract in accordance with laws and administrative regulations, it shall not affect the validity of the contract.

Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》) (the "**Labor Law**"), which was promulgated by the SCNPC on July 5, 1994, last amended and came into effect on December 29, 2018), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**"), which was promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008, and then 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 on September 18, 2008 and came into effect on the same day. According to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure their employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was amended on December 29, 2018, and other relevant PRC laws and regulations, the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; and 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.

Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and employee, or any employee commitment to the employer, purporting to waive social insurance contributions shall be deemed invalid by the people's courts. Where an employer fails to pay social insurance premiums in accordance with the law, and the employee terminates the labor contract and claims economic compensation under Article 38(3) of the Labor Contract Law, the people's courts shall uphold such claims.

Housing Provident Fund

According to the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》), which was effective on April 3, 1999 and last amended on August 10, 2026, employers shall undertake to register with the competent administrative center of housing provident fund, or the Center, and upon the verification by the Center, open accounts of housing provident funds for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing provident funds for their employees in full amount. An enterprise that fails to make housing fund contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline by the housing provident fund management center; otherwise, an application may be made to a local court for compulsory enforcement.

Regulations on Foreign Exchange

The principal regulations governing foreign currency exchange in the PRC are the Administrative Regulations for Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulations**"), which was promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008. Under the Foreign Exchange Regulations, the RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade, and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the PRC, unless the prior approval of the SAFE, is obtained and prior registration with the SAFE is made.

On May 10, 2013, the SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《國家外匯管理局關於印發外國投資者境內直接投資外匯管理規定及配套文件的通知》), which specifies that the administration by the SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration. Institutions and individuals shall register with the SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to direct investment in the PRC based on the registration information provided by the SAFE and its branches.

The SAFE released the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**") and last amended on March 23, 2023. In accordance with the SAFE Circular 19, the foreign exchange capital of foreign invested enterprises shall be subject to the "discretional foreign exchange settlement" approach. The proportion of discretional foreign exchange settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined to be 100%, while SAFE can adjust the aforementioned proportion in due time based on the situation of the international balance of payments.

On June 9, 2016, the SAFE published the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of 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》) (the "**SAFE Circular 16**"), which became effective immediately and was later amended on December 4, 2023. According to the SAFE Circular 16, enterprises that have registered in the PRC may also discretionally determine to convert their foreign debts from foreign currency to RMB. In addition, SAFE promulgated the Circular of the State Administration of Foreign Exchange Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**") and was amended on December 4, 2023. The SAFE Circular 28 expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as there is a truthful investment and such investment is in compliance with the foreign investment- related laws and regulations.

According to the Circular of the State Administration of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), which was issued and came into effect on December 4, 2023 by the SAFE, the equity transfer consideration paid in foreign currency by domestic entities owe to domestic equity transferors (including institutions and individuals),

as well as the foreign exchange funds raised by domestic enterprises listed overseas, can be remitted to the capital project settlement account directly. The funds in the capital project settlement account can be independently settled and utilized.

On April 10, 2020, the SAFE promulgated Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), according to which, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction.

Regulations on Taxation

Enterprise Income Tax

The EIT Law which was last amended on December 29, 2018 and the Implementing Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) (collectively with the EIT Law, the "**PRC EIT Laws**") which was amended on December 6, 2024, took effect on January 20, 2025, apply a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. Enterprises qualifying as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate.

Under the PRC EIT Laws, an enterprise established outside China with a "de facto management body" within China is considered a "resident enterprise," which means it can be treated as a domestic enterprise for enterprise income tax purposes. A non-resident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in China but the income of which has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside China at the reduced rate of enterprise income tax of 10%. Dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Value-added Tax

The Value-added Tax Law of the PRC (《中華人民共和國增值税法》) promulgated by SCNPC on December 25, 2024 and became effective from January 1, 2026, all entities or individuals in the PRC engaging in the sale of goods, services, intangible assets, or real estates, and the importation of goods are required to pay value-added tax (the "**VAT**").

In accordance with the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) issued by the MOF, the SAT and the General Administration of Customs on March 20, 2019, which came into force on April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, where the VAT rate of 16% applies currently, it shall be adjusted to 13%, and the currently applicable VAT rate of 10% shall be adjusted to 9%.

Dividends Withholding Tax

Pursuant to the PRC EIT Laws and its implementation rules, dividends generated after January 1, 2008 and payable by foreign-invested companies in China to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with PRC that provides for a different withholding arrangement. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重征税和防止偷漏税的安排》) (the "**Double Tax Avoidance Arrangement**") promulgated on August 21, 2006 and last amended on July 19, 2019, where a Hong Kong resident enterprise that holds more than a 25% equity interest in a PRC resident enterprise at any time within 12 consecutive months before receiving the dividend, the competent PRC tax authority may determine the Hong Kong

resident enterprise to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement, and the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% from 10% applicable under the PRC EIT Laws.

However, based on the Notice of the State Administration of Taxation on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》) promulgated and took effect on February 20, 2009 by the SAT, where the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a transaction or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. The Announcement of the State Administration of Taxation on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Treaties (《國家税務總局關於發佈非居民納税人享受協定待遇管理辦法的公告》), which was issued on October 14, 2019 and took effect on January 1, 2020, provides that applicant who intends to prove his or her "beneficial owner" status shall gather and retain relevant documents, and shall submit the relevant documents to the competent tax bureau upon post-request by such tax bureau.

Regulations on Overseas Securities Offering and Listing

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings of China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised.

On February 17, 2023, the CSRC released the Overseas Listing Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures and Supporting Guidelines will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic enterprises' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic enterprises' securities by adopting a filing-based regulatory regime. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either by direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information.

The Overseas Listing Trial Measures also provides that if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering by PRC domestic enterprise: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets, as documented in its audited consolidated financial statements for the most recent fiscal year, is accounted for by domestic enterprises; and (ii) the main parts of the issuer's business activities are conducted in the Chinese mainland, or its main place(s) of business are located in the Chinese mainland, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in the Chinese mainland. Where an issuer submits an application for an initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration of China jointly issued the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities 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 took effect on March 31, 2023, according to which, domestic company, securities companies and securities service providers shall first obtain approval from the CSRC or other competent Chinese authorities before cooperating with the inspection and investigation by the overseas securities regulator or competent overseas authority, or providing documents and materials requested in such

inspection and investigation. To be specific, a domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals or entities including securities companies, securities service providers and overseas regulators, (i) any documents and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities and file with competent secrecy administrative department; (ii) any other documents and materials that, if leaked, will be detrimental to national security or the public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. A domestic company that provides documents and materials to securities companies and securities service providers shall abide by applicable national regulations on confidentiality in handling such documents and materials, and shall provide a written statement simultaneously.

U.S. GOVERNMENT REGULATIONS

U.S. Trade and Economic Sanctions

The United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") administers trade and economic sanctions, which generally include prohibitions on all trade (imports or exports), investment, provision or receipt of services, and any other activity or transaction between "U.S. persons" and any sanctioned country or sanctions target. In general, the scope of sanctions may reach one of a number of tiers based on factors including the foreign country or countries involved in a transaction and the types of services provided.

First, OFAC prohibits all activities described above involving entire countries, regions, or territories under comprehensive sanctions or "embargoes". The regulations also frequently provide for the "blocking" (or "**freezing**") of all property (whether tangible or intangible) of a targeted country or person and persons acting on behalf of the government of the target country. Currently, comprehensive embargoes are in place against Cuba, Iran, North Korea, and the Crimea, Donetsk People's Republic ("**DNR**"), and Luhansk People's Republic ("**LNR**") Regions of Ukraine.

Second, persons may be prohibited from providing certain specified services to certain entities. These controls currently apply, for example, to Russia, which is not comprehensively sanctioned, and OFAC has instead specified certain transactions and services that are prohibited.

Third, many sanctions programs prohibit activities involving certain individuals and entities enumerated on one or more restricted party lists maintained by the U.S. government, such as persons included on the Specially Designated Nationals and Blocked Persons List (the "**SDN**" List), which includes persons determined to be engaged in activities contrary to U.S. national security (e.g., global narcotics trafficking, global terrorism, and significant human rights violations). These prohibited persons may be located anywhere in the world.

Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

"Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology or services even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, the definition of U.S. persons includes any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. Foreign entities that are majority owned or controlled by U.S. companies are, in some cases, subject to OFAC restrictions as well.

U.S. Export Control Regulations

The Export Administration Regulations (the "**EAR**"), administered by the U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**"), govern the export and re-export of items "subject to the EAR." An item is subject to the EAR if it falls into any of the following four categories: (1) it is exported from United States; (2) it is produced or

manufactured in the United States; (3) it is the foreign direct product of certain U.S.-origin technology or software (known as the Foreign Direct Product Rule "**FDPR**") or a plant containing items that are the direct product of this technology or software; and/or (4) the foreign-origin item incorporates more than a *de minimis* amount of controlled U.S.-controlled parts, materials and/or components (known as the "**de minimis rule**"). The specific controls that apply depend on the classification of the product, the countries and parties involved in the transaction, and the end-use. The EAR also control releases, or transfers, of source code or technology to a foreign national physically located within the United States (a "**deemed export**").

BIS maintains the Entity List which is a compilation of foreign individuals, companies, and organizations that are considered a national security concern by the U.S. government. Individuals and entities included on the Entity List are subject to specific export and re-export restrictions, and licensing requirements for certain technologies and goods. BIS also maintains other lists of restricted parties including the Denied Persons List ("**DPL**") and the Unverified List.

BIS also prohibits engaging in transactions where the seller knows or has reason to know that the products to be transferred (or re-transferred or re-exported) are destined for a prohibited end-user or end-use.

The Foreign Corrupt Practices Act

The U.S. Foreign Corrupt Practices Act of 1977 (the "**FCPA**"), the U.S. domestic bribery statute contained in 18 U.S.C. § 201 and other anti-bribery and anti-corruption laws in the United States are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners, and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. These laws also require that the companies keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions.

Tariffs and the Importation of Goods into the United States

The importation of goods into the customs territory of the United States is governed principally by the Tariff Act of 1930, as amended, the Customs Modernization Act, and the regulations of U.S. Customs and Border Protection ("**CBP**"). Under these laws and regulations, U.S. importers have primary legal responsibility for initially valuing, classifying, and determining the rate of duty applicable to imported merchandise. The importer is required to exercise "reasonable care" in entering merchandise into the United States. This includes when providing to CBP information and documentation necessary for it to assess duties on imported merchandise, collect accurate import statistics, and determine whether an import complies with applicable laws.

The United States imposes a variety of tariffs on imported goods. The applicable tariff rate is determined based on factors including the type of product, its value, and the origin of the goods.

Intellectual Property Law

The United States has federal and state laws that govern intellectual property rights ("**IPRs**"). Copyrights and patents are governed by federal law; trademarks, service marks, and trade secrets are governed by both federal and state law.

A patent is a government grant providing the patent owner with the right to exclude others from using, manufacturing, offering to sell, selling, and/or importing a claimed invention or practicing a claimed method. A patent is obtained by filing an application with the U.S. Patent and Trademark Office (the "**USPTO**") claiming a useful, novel and non-obvious invention. The application must comply with various requirements set out in the Patent Act (codified at 35 U.S.C. §1 et seq.) and regulations established by the USPTO, which is an agency within the U.S. Department of Commerce. A patent grant typically lasts for 20 years from the filing date of the patent application.

A copyright grants exclusive rights to creators over their original works of art, which may include classic artistic works such as literature, music, film, and paintings as well as

modern "digital" works of art such as software, source code, or graphics. U.S. federal copyright law is codified at 17 U.S.C. §1 et seq. A copyright typically lasts for the creator's lifetime plus 70 years. Copyright aims to protect the expression of ideas from unauthorized reproduction, distribution, performance, or adaptation, while balancing public access through exception like fair use or fair dealing. These exceptions allow limited use for purposes such as criticism, education, or parody without permission. Copyright arises automatically upon creation of a qualifying work, although registration with the U.S. Copyright Office (an extension of the Library of Congress) can enhance legal protections.

A "mark" is any one or more words, logos or other symbols used to identify and distinguish the mark owner's goods and/or services. A trademark is a mark used for goods; a service mark is a mark used in connection with providing services. U.S. trademarks and service marks generally must (i) be different from prior marks used for similar goods or services, so as to avoid consumer confusion; (ii) not be generic; and (iii) not be descriptive. U.S. federal trademark law is governed by the Lanham Act, codified at 15 USC. §1051 et seq. The USPTO is responsible for examining trademark and service mark applications and either granting or rejecting applications to register marks. Once granted, a trademark or service mark provides its owner with nationwide exclusivity within one or more particular fields of use. To obtain federal coverage, the applicant must establish that they are (or shortly intend to) use the mark in interstate commerce.

State law is an alternative basis for trademark and service mark rights, either under specific state laws or under common law. State law may apply even where federal law does not, such as where a mark is not used in interstate commerce. Some states have registries for trademarks and service marks. The rights inherent in such marks are limited to the state where they are used.

A trade secret is information that (i) has independent economic value from being generally unknown by the public; and (ii) is the subject of reasonable efforts under the circumstances to maintain its secrecy. Trade secrets are governed by both federal and state law.

The Defend Trade Secrets Act, codified at 18 USC.§1836, et seq. (the "**DTSA**"), is the federal trade secret law. Enacted in 2016, the DTSA applies only to trade secrets related to products or services that are used in interstate or foreign commerce. The DTSA provides specific remedies for trade secret misappropriation, including ex parte seizure in specific and generally rare instances.

The DTSA is similar to the Uniform Trade Secret Act (the "**UTSA**"), a model set of laws enacted by almost all fifty states within the U.S. A trade secret owner may often have a choice in enforcing its trade secret rights under the DTSA or a relevant state's version of the UTSA.

Regulations on Data Protection and User Privacy

Data protection and user privacy in the United States are governed by a combination of federal and state laws, as well as common law principles. At the federal level, key laws include the Children's Online Privacy Protection Act and the Federal Trade Commission Act, under which the Federal Trade Commission enforces prohibitions against unfair or deceptive acts or practices. At the state level, laws such as the California Consumer Privacy Act (the "**CCPA**"), as amended by the California Privacy Rights Act (the "**CPRA**"), impose additional obligations on businesses regarding the collection, use, and disclosure of personal information of California residents, including transparency, consumer rights, and data governance requirements.

Among these laws, the CCPA sets a comprehensive regulatory framework governing data privacy in California. It regulates the collection, use, and disclosure of personal information of California residents and is enforced by the California Privacy Protection Agency (the "**CPPA**"). Civil penalties of up to US$7,988 per intentional violation may be imposed, and under certain circumstances, consumers have a private right of action in the event of a data breach. Businesses subject to the CCPA/CPRA must comply with detailed requirements on privacy notices, consumer rights, and contractual arrangements with service providers. Currently, a growing number of other states have enacted comprehensive consumer privacy laws, a number of which have taken effect in recent years, and additional legislation has been proposed or is under consideration in other states. These laws impose, or have the potential to impose, additional obligations on companies that collect, store, use, retain,

disclose, transfer, and otherwise process confidential, sensitive, and personal information, and will continue to shape the data privacy environment throughout the United States.

Laws and Regulations in relation to Labor and Employment

The employment of individuals in the United States is governed by federal, state and sometimes local laws. Labor and employment laws can generally be categorized under the headings of (1) equal employment opportunity, (2) wage and hour, (3) medical/disability, (4) union rights, and (5) workplace safety. Typically, national laws set the minimum legal standard for employee rights, and state and local laws, if adopted, enhance those rights. Most employees in the United States are hired "at-will," meaning that their employment can be terminated at any time, with or without notice, cause, or government mandated severance pay. However, individual employment agreements between an employee and employer may vary this status, and even an at-will employee may not be terminated for an illegal reason (such as discrimination), nor may an employee be terminated or otherwise retaliated against for engaging in protected activity under the law. In addition, employers are required to maintain workplaces that are free of harassment based on protected characteristics such as sex, race, etc. Employees who believe they have suffered discrimination, harassment, or other alleged wrongs may pursue claims against us through state and U.S. federal governmental agencies and the courts.

Laws and Regulations in relation to Registration and Regulation

Corporations in the United States are registered and organized in one of the 50 states. In addition to its legal formation in a particular state, a corporation that does business in more than one state may need to qualify or register to do business in other states if the corporation's activities establish "minimum contacts" for tax purposes in those states. Individual state laws apply to business transactions occurring in each state, unless such laws conflict with, or are superseded by, U.S. federal law, which takes precedence over state and local law. For this reason, U.S. businesses frequently must comply with separate federal, state and local regulations.