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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealers, bank managers, solicitors, professional accountants or other professional advisers.

If you have sold or transferred all your shares in BaTeLab Co., Ltd., you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agents through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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BaTeLab
BaTeLab Co., Ltd.
蘇州貝克微電子股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2149)

**(1) PROPOSED ADOPTION OF THE RESTRICTED SHARE UNIT SCHEME
(H SHARE)**

**(2) PROPOSED AUTHORISATION TO THE BOARD AND ITS DELEGATED
PERSONS TO DEAL WITH MATTERS RELATED TO THE RESTRICTED
SHARE UNIT SCHEME (H SHARE)**

AND

(3) NOTICE OF THE EGM

Capitalized terms used on this cover page have the same meanings as those defined in the “Definitions” section of this circular.

The Letter from the Board is set out on page 5 to page 19 of this circular.

The Company will hold the EGM at the conference room of the Company at Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC at 10:30 a.m. on Monday, 2 December 2024. The notice of the EGM is set out on page EGM-1 to page EGM-2 of this circular. The form of proxy for the EGM is enclosed with this circular and is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.batelab.com).

Shareholders who intend to attend the EGM by proxy are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to us not later than 24 hours before the time designated for holding the EGM or any adjournment thereof (as the case may be), i.e. by 10:30 a.m. on Sunday, 1 December 2024. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish at that time.

15 November 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Adoption Date”	2 December 2024, being the date on which the RSU Scheme is approved and adopted by the Shareholders at the EGM of the Company;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Award Period”	the period commencing on the date on which the Shareholders approved the RSU Scheme, and ending on the business day immediately prior to the tenth (10th) anniversary of the date on which the Shareholders approved the RSU Scheme;
“Board”	the board of Directors of the Company;
“business day”	any day on which the Stock Exchange is open for the business of trading in securities;
“chief executive”	has the meaning ascribed to it under the Listing Rules;
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular and for geographical reference only, except where the context requires, references in this circular to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan region;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	BaTeLab Co., Ltd. (蘇州貝克微電子股份有限公司), a joint stock company established in the PRC with limited liability whose H Shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Date of Grant”	the date on which the Board resolves to make an Offer of that Share Award to the Employee Participant, which date must be a business day;
“Delegated Person(s)”	the Remuneration Committee, or any other Director(s), or person(s), or special committee(s) of the Board to which the Board has delegated its authority;
“Director(s)”	the director(s) of the Company;
“EGM”	the 2024 first extraordinary general meeting of the Company or any adjournment thereof to approve, among others, the proposed adoption of the RSU Scheme and relevant authorisations in relation to the RSU Scheme;
“Employee Participant(s)”	any Director (executive Directors or non-executive Directors but does not include independent non-executive Directors), member of the management team, senior management and current employee of the Company or any of its subsidiaries (if established) (including any persons who are granted Share Awards under the Scheme as an inducement to enter into employment contracts with these companies), in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group;
“Grant Letter”	letter or notice (including but not limited to, by mail, e-mail or by notification via any electronic means) to each Employee Participant in such form as the Board may from time to time determine, specifying the Date of Grant, the manner of acceptance of the Share Award, the purchase price of each RSU and/or the number of RSU underlying the Share Award, the vesting criteria and conditions, and the vesting date and such other details, terms and conditions as the Board may consider necessary and in compliance with the RSU Scheme;
“Grantee”	any Employee Participant who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled in accordance with applicable laws of succession to any such Share Award in consequence of the death of the original Grantee, or the legal personal representative of such person;
“Group”	the Company and its subsidiaries from time to time (if established);

DEFINITIONS

“H Share(s)”	overseas listed foreign invested share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange;
“H Shareholders”	holders of H Shares;
“H Share Registrar”	the Hong Kong branch share registrar of the Company from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“inside information”	has the meaning ascribed to it under the Listing Rules;
“Latest Practicable Date”	14 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended or supplemented from time to time;
“Offer”	the offer of the grant of a Share Award made in accordance with the Scheme;
“Remuneration Committee”	the remuneration and evaluation committee of the Board;
“Restricted Share Unit” or “RSU”	a restricted share unit conferring the Grantee a conditional right upon vesting of the RSU to obtain, as determined by the Board in its absolute discretion, either a Share or an equivalent value in cash with reference to the market value of a Share on or around the vesting date of such RSU as determined by the Board in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSU Scheme” or “Scheme”	the restricted share unit scheme proposed to be adopted by the Company;
“Scheme Mandate Limit”	has the meaning ascribed thereto in the Scheme;

DEFINITIONS

“Share(s)”	share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising Unlisted Domestic Share(s) and H Share(s);
“Shareholder(s)”	holder(s) of Share(s);
“Share Award(s)”	an award of H Shares granted pursuant to the RSU Scheme;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules, and for the purpose of the Scheme, references to new Shares include Treasury Shares (if any) listed on the Stock Exchange, and references to the issue of new Shares include the transfer of Treasury Shares listed on the Stock Exchange;
“Trust”	the trust constituted or to be constituted by the Trust Deed;
“Trust Deed”	a trust deed entered or to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the RSU Scheme;
“Trustee(s)”	the trustee or trustee(s) (which is/are independent of and not connected with the Company) appointed or to be appointed by the Company for the administration of the Scheme or any additional or replacement trustee(s);
“Unlisted Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange;
“%”	per cent.

LETTER FROM THE BOARD

BaTeLab
BaTeLab Co., Ltd.
蘇州貝克微電子股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2149)

Executive Directors:

Mr. Li Zhen (*Chairman*)

Mr. Zhang Guangping

Mr. Li Yi

Non-executive Director:

Mr. Kong Jianhua

Independent non-executive Directors:

Mr. Zhao Heming

Mr. Wen Chengge

Mr. Ma Ming

Ms. Kang Yuanshu

**Headquarter and Registered Office
in the PRC**

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No. 150 Jici Road

Science and Technology Town

Gaoxin District, Suzhou

Jiangsu Province

the People's Republic of China

Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

To Shareholders:

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF THE RESTRICTED SHARE UNIT SCHEME
(H SHARE)**

**(2) PROPOSED AUTHORISATION TO THE BOARD AND ITS DELEGATED
PERSONS TO DEAL WITH MATTERS RELATED TO
THE RESTRICTED SHARE UNIT SCHEME (H SHARE)**

AND

(3) NOTICE OF THE EGM

I. INTRODUCTION

The purpose of this circular is to provide you with the notice of the EGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions in relation to the adoption of the RSU Scheme at the EGM.

LETTER FROM THE BOARD

II. DETAILS OF THE RESOLUTIONS

(1) Proposed Adoption of the Restricted Share Unit Scheme (H Share)

Adoption of the RSU Scheme

The Board considered that the adoption of the RSU Scheme will ensure the Group to attract, reward, motivate and retain the Employee Participants which will comply with the requirements of Chapter 17 of the Listing Rules and provide the Company with more flexibility in long-term planning of granting of the Share Awards to Employee Participants for their contributions or potential contributions to the Group.

Conditions to adoption

The RSU Scheme will constitute a share scheme involving issue of new H Shares by the Company under Chapter 17 of the Listing Rules, and the adoption of the RSU Scheme is subject to the approval from the Shareholders. The Company will convene the EGM for the purposes of, among other things, seeking the approval from the Shareholders for the adoption of the RSU Scheme.

The RSU Scheme is conditional upon:

- (a) the passing of special resolution(s) by the Shareholders at a general meeting of the Company to approve the adoption of the RSU Scheme, and to authorise the Board to grant Share Awards under the RSU Scheme and to allot and issue, procure the transfer of and otherwise deal with the Shares underlying the Share Awards granted in accordance with the terms and conditions of the RSU Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the new Shares to be allotted and issued underlying the Share Awards granted in accordance with the terms and conditions of the RSU Scheme.

Notwithstanding the above, if the Grantee is a PRC resident, he or she shall not be entitled to receive any Shares pursuant to a Share Award until he or she has given a representation to the Company to the effect that he or she has satisfied all the relevant PRC laws, regulations and notices in acquiring such Shares (including fulfilling the relevant foreign exchange registration procedures). Restrictions imposed by PRC laws and regulations on Employee Participants are primarily outlined in the “Guidance on the Application of Regulatory Rules – Overseas Issuance and Listing Category No. 1” (《監管規則適用指引—境外發行上市類第1號》) issued by the China Securities Regulatory Commission, which specifies the eligibility and scope of the Employee Participants. Furthermore, PRC residents are obligated to fulfill the relevant foreign exchange registration procedures for the acquisition of Shares.

LETTER FROM THE BOARD

Purpose

The purpose of the RSU Scheme is to attract new talents and retain employees whose contributions are important to the long-term growth and success of the Group, to recognise and reward Employee Participants for their contributions to the Group, to provide Employee Participants with the opportunity to acquire proprietary interests in the Company and to encourage Employee Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The RSU Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Employee Participants.

Employee Participants and the basis of determining the eligibility of the Employee Participants

Employee Participants who may participate in the RSU Scheme include any Director (executive Directors or non-executive Directors but does not include independent non-executive Directors), member of the management team, senior management and current employee of the Company or any of its subsidiaries (if established) (including any persons who are granted Share Awards under the RSU Scheme as an inducement to enter into employment contracts with these companies). The above is subject to the Board's consideration, in its sole discretion, that the Employee Participants have contributed or will contribute to the Group.

In the case of the Employee Participants, in assessing their eligibility, the Board will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (ii) the length of engagement with the Group; (iii) the individual contribution or potential contribution to the development and growth of the Group; and (iv) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success. No one should be considered as an Employee Participant if he/she:

- (a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any authorised securities regulatory bodies in the last 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last 12 months;
- (c) is in breach of relevant national laws and regulations or the Articles of Association; or

LETTER FROM THE BOARD

- (d) has caused losses to the Company during his/her term of service due to soliciting bribes, corruption and theft, disclosure of the operation and technology secrets of the Company, infringement of company interest through connected transactions and any acts which cause damage to the reputation and image of the Company, which can be proven with sufficient evidence by the Company.

The grant for each of the Directors and chief executive of the Company has not been determined yet. The Company will make appropriate disclosure upon any grant of RSUs to the Directors and chief executive of the Company pursuant to the Listing Rules and relevant laws and regulations.

The Directors consider that the grant of RSUs in accordance with the above-mentioned eligibility considerations aligns with the purposes of the RSU Scheme as it would allow the Company to award and incentivise the Employee Participants based on an overall assessment of their historical and future potential contributions. As their contributions are essential to the development of the Group as well as the Group's business performance, the Directors consider that the above criteria for election of Employee Participants are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Maximum Number of RSUs

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the RSU Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 10% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date, being 6,000,000 Shares (the "**Scheme Mandate Limit**"), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit. Share Awards which have lapsed in accordance with the terms of the RSU Scheme without Shares being issued and options and awards lapsed in accordance with any other share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

As at the Latest Practicable Date, the total number of Shares in issue (excluding Treasury Shares) was 60,000,000 Shares. Assuming that there is no change in the number of Shares in issue during the period between the Latest Practicable Date and the Adoption Date, the Scheme Mandate Limit will be 6,000,000 Shares (representing 10% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date).

Maximum Entitlement to Each Employee Participant

According to the RSU Scheme, there are no restrictions on the maximum entitlement of Share Awards to be granted to an Employee Participant (save for any requirements under the Listing Rules).

LETTER FROM THE BOARD

Where any grant of Share Awards to an Employee Participant would result in the Shares issued and to be issued in respect of all options and awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any options and awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding Treasury Shares), such grant must be separately approved by Shareholders in general meeting with such Employee Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Where any grant of Share Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding Treasury Shares) as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Where any grant of Share Awards to a substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all options and awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any options or awards lapsed in accordance with the terms of the Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding Treasury Shares) as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Duration

Subject to any early termination provisions pursuant to the RSU Scheme, the RSU Scheme shall be valid and effective for the Award Period. After the expiry of the Award Period, no further Share Awards shall be offered or granted, but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme.

LETTER FROM THE BOARD

Date of Grant

The Date of Grant shall be determined by the Board after the RSU Scheme is considered and passed at the EGM of the Company. The Date of Grant must be a business day falling within a period in compliance with the applicable Listing Rules, laws and regulations. Directors who are proposed Employee Participants shall abstain from voting at the Board meeting which reviews and approves the Date of Grant.

Grant of RSUs

The Board may, from time to time, select any Employee Participant in accordance with the terms of the RSU Scheme and grant Share Award to such Employee Participant during the Award Period conditional upon fulfilment of terms and conditions of the Share Awards.

Each grant of Share Award to any Director or connected person of the Group shall be approved by all of the independent non-executive Directors of the Company and subject to the Listing Rules and any applicable laws and regulations.

No grant of any RSU to any selected Employee Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of Share Award under the circumstances below:

- (a) where any Director is in possession of unpublished inside information in relation to the Company; or where any Director of the Company knows or believes there is inside information which must be disclosed pursuant to the Listing Rules or any applicable laws, rules or regulations; or where dealings by Directors of members of the Group are prohibited under any code, internal written guidelines for securities transactions by employees, or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial year up to the publication date or the delayed publication date (if applicable) of such results; and
- (c) during the period of 30 days immediately preceding the publication date of the quarter or half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant quarter or half-year period of the financial period up to the publication date or the delayed publication date (if applicable) of such results.

LETTER FROM THE BOARD

Cancellation of Share Awards

Upon occurrence of any events triggering the clawback mechanism (and whether an event is to be regarded as triggering the clawback mechanism is subject to the sole determination of the Board) in relation to a Grantee, the Board may (but is not obliged to) by notice in writing to the relevant Grantee (in the case of a Share Award) claw back such number of Share Awards granted (to the extent not already vested) as the Board may consider appropriate. The Share Awards that are clawed back shall be regarded as cancelled and the Share Awards so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Notwithstanding any other provisions of the RSU Scheme or any terms and conditions set forth in the relevant offer letter in respect of the Board's discretion to cancel any Share Awards that have not been vested, any Share Award granted but not vested may be cancelled if the Grantee so agrees. Where the Company cancels Share Awards granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under the RSU Scheme with available Scheme Mandate Limit, and that Share Awards so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Vesting period

Save for the circumstances described below, the vesting period in respect of any Share Award granted shall be no less than twelve (12) months from (and including) the Date of Grant.

Share Awards granted to an Employee Participant may be subject to a shorter vesting period only in the following circumstances at the sole discretion of the Board or the Remuneration Committee (as the case may be):

- (a) grants of "make-whole" Share Awards to new joiners to replace the share awards they forfeited when leaving their previous employers;
- (b) grants that are made in batches during a year for administrative or compliance reasons, which include Share Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Share Award would have been granted;
- (c) grants with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of twelve (12) months, or where the Share Awards may vest by several batches with the first batch to vest within 12 months of the Date of Grant and the last batch to vest twelve (12) months after the Date of Grant;

LETTER FROM THE BOARD

- (d) grants with performance-based vesting conditions provided in the RSU Scheme or as specified in the Grant Letter in lieu of time-based vesting criteria; and
- (e) grants with a total vesting and holding period of more than twelve (12) months.

Such discretion gives the Company more flexibility to (i) adapt to exceptional and justified circumstances; or (ii) attract talents or reward exceptional performers with accelerated vesting. Hence, the Board (and the Remuneration Committee in respect of grants of Share Awards to the Directors and/or senior management) is of the view that the shorter vesting period prescribed in paragraph 8 in Appendix I to this circular is in line with market practice and is appropriate and aligns with the purpose of the RSU Scheme.

Vesting of the RSUs

The Board may determine the vesting criteria and conditions or periods (which shall not be less than 12 months) for the RSUs to be vested.

The vesting of the Share Award granted under the RSU Scheme is subject to the following conditions and any other applicable vesting conditions as set out in the Grant Letter:

- (a) The Employee Participants in the RSU Scheme are any Director (executive Directors or non-executive Directors but does not include independent non-executive Directors), member of the management team, senior management and current employee of the Company or any of its subsidiaries (if established). All Employee Participants would have signed an employment contract with the Company;
- (b) the Employee Participant shall not violate the laws and regulations applicable to the Company and its employment contract, or the above and/or other agreements signed by both parties, or engage in actions that harm the interests of the Company;
- (c) the number of RSUs granted to the Employee Participant, as well as the grant and attribution dates, shall be subject to the RSU Scheme and the Grant Letter issued by the Company to the Employee Participant; and
- (d) RSUs held by an Employee Participant that are vested as evidenced by the Grant Letter may be exercised (in whole or in part) by the Employee Participant serving an exercise notice in writing on the Company. Upon receipt of an exercise notice, the Board shall direct and procure the Trustee to, within a reasonable time, transfer the H Shares underlying the RSUs exercised (and, if applicable, dividend declared in relation to the RSUs in respect of those Shares as provided in the terms of the RSU Scheme) to the Employee Participant,

LETTER FROM THE BOARD

subject to the Employee Participant paying the purchase price (where applicable).

If the Employee Participant fails to fulfil the vesting conditions applicable to the relevant Share Awards, all the RSUs underlying the relevant Share Awards which may otherwise be vesting during the respective vesting period shall not be vested and become immediately lapsed with respect to such Employee Participant. The Board's decision on whether the vesting conditions are fulfilled and satisfied shall be conclusive and final.

Any Share Award shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to any Share Award (or, prior to vesting of a Restricted Share Unit, the Shares subject thereto) or any property held by the Trustee on trust for the Grantees. Any breach of the foregoing shall entitle the Company to, in the case of an outstanding Share Award, cancel such award without payment of any consideration therefor.

Consideration for the grant of the RSU and purchase price of the Share Award

The Board may, in its discretion, require the Grantee to pay the purchase price (per RSU) which (i) shall not be less than RMB1.00; and (ii) shall not exceed the average closing price of the H Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Date of Grant, as consideration for the grant of each RSU or purchase price of each Share Award to the Company, unless otherwise determined by the Board at its sole discretion or as required by applicable law. Such purchase price shall be paid by the Grantee within one (1) month upon the Date of Grant in general. Such payment is not refundable in principle unless the Board determines otherwise.

The Board considers that such arrangement aligns with the purpose of the RSU Scheme where the Share Awards are intended to be granted to the Employee Participants to reward their contributions to the Group.

Performance targets and clawback mechanism

Vesting of Share Award shall be subject to the performance targets, if any, to be satisfied by the Grantees as determined by the Remuneration Committee from time to time. The Remuneration Committee shall have the authority, after the grant of any Share Award which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Remuneration Committee. The performance targets, which may vary among the Grantees, shall be set out in the Grant Letter. For example, the performance targets may be linked to the individual Employee Participant and/or the Group as a whole or to a subsidiary (if established), department, division, region, function or business unit, line of business, project or individual key performance indicators, which

LETTER FROM THE BOARD

may include sales performance (e.g. revenue), operating performance (e.g. profits, operation efficiency), financial performance (e.g. profits, cash flow, earnings, market capitalisation, return on equity), corporate sustainability parameter (e.g. timeliness and accuracy in handling customer feedback, team work capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal business procedures), and other targets as the Remuneration Committee may determine from time to time and as set out in the Grant Letter. In particular, the Employee Participants' performance appraisal score in the preceding financial year before the vesting of Share Award shall not be lower than 80 points. The Remuneration Committee will conduct assessment from time to time by comparing the performance with the pre-set targets, past or current performance or comparison to internal targets or industry performance, to determine whether such targets and the extents to which have been met. If, after the assessment, the Remuneration Committee determines that any prescribed performance targets have not been met, the unvested Share Award shall lapse automatically.

The Board believes that the above will provide the Remuneration Committee with more flexibility in setting the performance targets under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group. Further, the Board is of the view that the setting of performance targets can provide ample motivations and incentives for the Grantees to improve their performance and contribute to the Group's overall development and business success. Considering the aforesaid, the Board considers that the performance targets are in line with the purpose of the RSU Scheme and in the interests of the Company and the Shareholders as a whole.

The RSU Scheme will give the Board discretion (but not obligation) to impose that any Share Award shall be subject to a clawback under certain circumstances. Upon occurrence of such circumstances, the Board may (but is not obliged to) by notice in writing to the relevant Grantee (in the case of a Share Award) claw back such number of Share Awards granted (to the extent not already vested) as the Board may consider appropriate. The Share Awards that are clawed back shall be regarded as cancelled and the Share Awards so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. For details of the clawback mechanism of the RSU Scheme, please refer to paragraph 10 in Appendix I to this circular.

The Board (and the Remuneration Committee in respect of grants of Share Awards to the Directors and/or senior management) is of the view that the clawback mechanism in the RSU Scheme provides a choice for the Board to claw back the equity incentives granted to Employee Participants culpable of misconduct and provides the Board with more flexibility in setting the terms and conditions of the Share Awards under particular circumstances of each grant, which would facilitate the objective to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group, and is in line with the purpose of the RSU Scheme and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Voting Rights

Subject to any applicable laws, regulations and rules, the powers and obligations of the Trustee will be limited as set forth in the Trust Deed. The Trustee will hold the trust fund in accordance with the terms of the Trust Deed and the Trustee will hold the Shares which are part of the trust fund. The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (if any). In particular, the Trustee holding unvested Shares, whether directly or indirectly, shall abstain from voting or exercising any voting rights in respect of any Shares held, whether directly or indirectly, under the Trust or as nominee on matters that require approval of the Shareholders under the Listing Rules, unless otherwise required by applicable laws or regulations to vote in accordance with the beneficial owner's direction and such a direction is given.

Approval and review

The RSU Scheme shall be subject to the following administrative bodies, in accordance with the terms of the RSU Scheme and, where applicable, the Trust Deed:

- (a) the general meeting of the Shareholders, as the organ of authority of the Company, is responsible for the deliberation and approval of the adoption of the RSU Scheme. The general meeting of the Shareholders may authorise the Board to deal with all matters related to the RSU Scheme to the extent of its authority;
- (b) the Board is the institution in charge of the administration of the RSU Scheme in accordance with the terms of the RSU Scheme and where applicable, the Trust Deed. A decision of the Board shall be final and binding on all persons affected. Upon deliberation and approval of the RSU Scheme by the Board, the Board will submit the RSU Scheme to the general meeting of the Shareholders for consideration. The Board may handle all matters related to the RSU Scheme within the authorisation by the general meeting of the Shareholders; and
- (c) Pursuant to the terms of the RSU Scheme, the authority to administer the RSU Scheme may be delegated by the Board to any other person(s) as deemed appropriate at the sole and absolute discretion of the Board.

The independent non-executive Directors of the Company shall also approve the proposal for the grant of Share Awards to a Director, chief executive or substantial shareholder of the Company, or any of its respective associates and formulate their opinions on whether the grant of Share Awards is beneficial to the continuing development of the Company, and whether the grant of Share Awards is detrimental to the interests of the Company and the Shareholders.

LETTER FROM THE BOARD

Alteration or Termination of the RSU Scheme

The Board may by resolution amend any of the provisions of the RSU Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the RSU Scheme) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date and such alteration is in compliance with all applicable rules and regulations (including but not limited to the Listing Rules)).

The Company by special resolution in general meeting or the Board may at any time resolve to terminate the operation of the RSU Scheme prior to the expiry of the Award Period, and in such event no further Share Awards will be offered or granted but the provisions of the RSU Scheme shall remain in full force to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme. Share Awards which are granted during the life of the RSU Scheme and remain outstanding immediately prior to the termination of the operation of the RSU Scheme shall continue to be valid and eligible to vest in accordance with their terms of issue after the termination of the RSU Scheme.

Administration and general

The RSU Scheme shall be administered by the Board and/or the Trustee (if the Trustee is appointed by the Company) in accordance with the rules of the RSU Scheme and the terms of the Trust Deed, and the decision of the Board shall be final and binding on all parties. For the Grantees who do not require the service of the Trustee (for example, some Grantees from certain jurisdictions may experience administrative inconvenience in becoming a beneficiary of the Trust), the relevant awards will be administered by the Board (or any persons delegated by the Board) in accordance with the RSU Scheme. The Board may delegate any or all of its powers in relation to the administration and operation of the RSU Scheme to the Remuneration Committee or other persons at its sole discretion. No Trustee has been appointed under the RSU Scheme yet. None of the Directors will be the Trustee of the RSU Scheme or will have any direct or indirect interest in the Trustee of the RSU Scheme (if any). The RSU Scheme may be subject to amendments in order to comply with any requirements of regulatory authorities.

In the event that the Company has Treasury Shares listed on the Stock Exchange in the future, the Board may, after taking into account of relevant circumstances, use Treasury Shares listed on the Stock Exchange to fund the Share Awards to be granted under the RSU Scheme.

Application(s) will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares underlying the RSUs granted from time to time under the RSU Scheme.

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder had any material interest in the proposed adoption of the RSU Scheme. As such, no Shareholder is required to abstain from voting on the resolutions in relation thereto.

Trustee in respect of the RSU Scheme

Upon obtaining Shareholders' approval to adopt the RSU Scheme at the EGM, the Company will appoint the Trustee for the administration of the RSU Scheme. The Trustee will, at the direction of the Board from time to time, hold the unvested Shares in favour of the Grantees to satisfy the grant of Share Awards under the RSU Scheme and transfer the Shares to the Grantees upon vesting.

(2) Proposed Authorisation to the Board and Its Delegated Persons to Deal with Matters Related to the Restricted Share Unit Scheme (H Share)

In order to ensure the successful implementation of the RSU Scheme, the Board proposed that, subject to the approval of the RSU Scheme by the Shareholders at the EGM, the Shareholders shall also grant an authorisation to the Board and/or its Delegated Persons to deal with matters in relation to the RSU Scheme with full authority, including but not limited to:

- (a) to interpret the terms of the RSU Scheme (and such interpretations shall comply with the requirements of Chapter 17 of the Listing Rules);
- (b) to approve the form and content of Grant Letters;
- (c) to allot, issue or repurchase of Shares for the purpose of the grant of the Share Awards, and to seek the approval from the Stock Exchange in due course for the listing of, and permission to deal in, the new Shares to be allotted and issued underlying the Share Awards granted in accordance with the terms and conditions of the RSU Scheme;
- (d) to determine any other matters for implementation of the RSU Scheme in accordance with applicable laws and regulations;
- (e) to decide on the engagement of bank(s), accountant(s), trustee(s), lawyer(s), consultant(s) and other professional parties for the purpose of the RSU Scheme;
- (f) on behalf of the Company, execute all documents in relation to the operations of and other matters of the RSU Scheme, and obtain and complete all procedures, filings and approvals necessary for implementation of the RSU Scheme, and to take any other action to implement the RSU Scheme;
- (g) to determine all matters in relation to the trust arrangement; and

LETTER FROM THE BOARD

- (h) to administer and execute other matters necessary for the implementation of the RSU Scheme, unless otherwise specified in written that such matters shall be dealt with by way of resolutions at the Shareholders' meeting.

The aforementioned authorisation to the Board and/or its Delegated Persons shall be valid for the Award Period.

III. EGM

The Company will hold its EGM at the conference room of the Company at Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC at 10:30 a.m. on Monday, 2 December 2024. The notice of the EGM is set out on page EGM-1 to page EGM-2 of this circular. An announcement on the poll results will be published by the Company after the conclusion of the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the registration of Share transfers will be closed from Friday, 29 November 2024 to Monday, 2 December 2024 (both days inclusive), during which no Share transfers will be made. To be eligible to attend and vote at the EGM, all completed transfer forms together with the relevant Share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, (in respect of H Shareholders) or the Company's Board Office at Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC (in respect of Unlisted Domestic Shareholders) not later than 4:30 p.m. on Thursday, 28 November 2024 for registration. Shareholders whose names appear on the Company's register of members on Monday, 2 December 2024 are entitled to attend and vote at the EGM.

If you wish to appoint a proxy to attend the EGM, you must complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to us. If the instrument appointing the proxy is signed by an attorney of the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarially certified and shall be delivered together with the form of proxy. The form of proxy, together with a notarially certified copy of the power of attorney or other authorization document, must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shareholders), or the Company's Board Office at Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC (in respect of Unlisted Domestic Shareholders) not later than 24 hours before the time designated for holding the EGM or any adjournment thereof (as the case may be), i.e. by 10:30 a.m. on Sunday, 1 December 2024 to be valid. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

IV. TO VOTE BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote by Shareholders at the general meetings must be taken by poll. Therefore, the resolutions proposed at the EGM shall be voted by way of poll.

Ordinary resolutions shall be passed by votes representing at least half of the voting rights held by the Shareholders (including proxies thereof) attending the EGM. Special resolutions shall be passed by votes representing at least two-thirds of the voting rights held by the Shareholders (including proxies thereof) attending the EGM.

V. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

VI. RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the resolutions to be proposed at the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

VII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Summary of the Principal Terms of the Restricted Share Unit Scheme (H Share)) to this circular.

VIII. DOCUMENTS ON DISPLAY

A copy of the RSU Scheme will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (<http://www.batelab.com>) for display for a period of not less than 14 days before the date of the EGM and will be made available for inspection at the EGM.

By order of the Board
BaTeLab Co., Ltd.
Mr. Li Zhen
Chairman

The following is a summary of the principal terms of the RSU Scheme proposed to be adopted at the EGM. It does not form part of, nor is it intended to be part of, the rules of the RSU Scheme and it should not be taken as affecting the interpretation of the rules of the RSU Scheme. The Directors reserve the right at any time prior to the EGM to make such amendments to the RSU Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix.

1. PURPOSE OF THE RSU SCHEME

The purpose of the RSU Scheme is to attract new talents and retain employees whose contributions are important to the long-term growth and success of the Group, to recognise and reward Employee Participants for their contributions to the Group, to provide Employee Participants with the opportunity to acquire proprietary interests in the Company and to encourage Employee Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The RSU Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Employee Participants.

2. PARTICIPANTS AND BASIS OF DETERMINING THE ELIGIBILITY

The Board shall be entitled (but shall not be bound) to make an Offer to an individual, being an Employee Participant, as the Board may in its absolute discretion select, of a Share Award (consisting of RSUs as set forth in the applicable Offer documentation), in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group.

In the case of the Employee Participants, in assessing their eligibility, the Board will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (ii) the length of engagement with the Group; (iii) the individual contribution or potential contribution to the development and growth of the Group; and (iv) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success.

3. SCHEME MANDATE LIMIT

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the RSU Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 10% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date, being 6,000,000 Shares (the "**Scheme Mandate Limit**"), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit. Share Awards which have lapsed in accordance with the terms of the RSU Scheme without Shares being issued and options and awards lapsed in accordance with any other share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may seek the approval of its Shareholders at general meeting to refresh the Scheme Mandate Limit after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment (as the case may be), such that the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the RSU Scheme and any other share scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue (excluding Treasury Shares) as at the date of the aforesaid approval for refreshment by the Shareholders in general meeting. Options and awards lapsed in accordance with the terms of the RSU Scheme and any other share scheme(s) of the Company will not be regarded as utilised for the purpose of calculating the limit as refreshed. The Company shall send a circular to the Shareholders containing the number of options and awards that were already granted under the existing Scheme Mandate Limit, and the reason for the refreshment.

Any refreshment within any abovementioned three-year period must be approved by the Shareholders subject to the following provisions:

- (i) any controlling shareholder(s) of the Company and their respective associates, or if there is no controlling shareholder(s) of the Company, Directors (excluding independent non-executive Directors) and the chief executive(s) of the Company and their respective associates must abstain from voting in favour of the relevant resolution at the general meeting; and
- (ii) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.

The Company may also seek separate approval of the Shareholders in general meeting for granting any Share Awards beyond the Scheme Mandate Limit, or if applicable, the refreshed limit as referred above, provided that the Share Awards in excess of the Scheme Mandate Limit are granted only to Employee Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to Shareholders containing the name of each specified Employee Participant who may be granted such Share Awards, the number and terms of the Share Awards to be granted to each specified Employee Participant, the purpose of granting Share Awards to the specified Employee Participants with an explanation as to how the terms of the Share Awards serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Share Awards to be granted to such Employee Participant must be fixed before Shareholders' approval.

4. GRANT OF SHARE AWARDS TO EMPLOYEE PARTICIPANTS AND CONNECTED PERSONS

Each grant of Share Awards to any Director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors of the Company.

There are no restrictions on the maximum entitlement of Share Awards to be granted to an Employee Participant (save for any requirements under the Listing Rules).

Where any grant of Share Awards to an Employee Participant would result in the Shares issued and to be issued in respect of all options and awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any options and awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding Treasury Shares), such grant must be separately approved by Shareholders in general meeting with such Employee Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Where any grant of Share Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding Treasury Shares) as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Where any grant of Share Awards to a substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all options and awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any options or awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding Treasury Shares) as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

In the circumstances described above, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. The relevant Grantee, his/her associates and all core connected persons of the Company shall abstain from voting at such general meeting, except that such person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

The circular to be issued by the Company to its Shareholders shall contain the following information:

- (i) the details of the number and terms of the Share Awards to be granted to each Grantee which must be fixed before the Shareholders' meeting;

- (ii) the views of the independent non-executive Directors as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to whether to vote for or against the resolution relating to the grant of the Share Awards;
- (iii) the information required under Rule 17.02(2)(c) of the Listing Rules;
- (iv) the information as required under Rule 2.17 of the Listing Rules; and
- (v) any other information as may be required under the Listing Rules or by the Stock Exchange from time to time.

5. GRANT OF SHARE AWARDS

On and subject to the terms of the RSU Scheme, the Board shall be entitled (but shall not be bound) at any time within the Award Period to make an Offer to any Employee Participant, as the Board may in its absolute discretion select, of a Share Award (consisting of either Restricted Shares or RSUs as set forth in the applicable Offer documentation) and on and subject to such terms and conditions as the Board may determine and impose and inform the Trustee and the Grantee accordingly. The Offer shall specify the terms and conditions on which the Share Award is to be granted. Such terms and conditions may include any minimum period(s) for which a Share Award must be held, any minimum period(s) for which the Grantee must be employed or in service to the Group and/or any minimum performance target(s) that must be achieved, before the Share Award shall vest in whole or in part, may include any clawback mechanism in respect of the Share Award, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

6. ACCEPTANCE AND PURCHASE PRICE OF SHARE AWARDS

An Offer of a Share Award shall be made to an Employee Participant by a Grant Letter in duplicate, in such form as the Board may from time to time determine, requiring the Employee Participant to undertake to hold the Share Award on the terms on which it is to be granted and to be bound by the provisions of the RSU Scheme. Each Offer shall remain open for acceptance by the Employee Participant to whom the Offer is made for such time to be determined by the Board from the date on which the Grant Letter is delivered to that Employee Participant, provided that no such Offer shall be open for acceptance after the expiry of the Award Period or after the RSU Scheme has been terminated in accordance with the provisions hereof, whichever is the earlier.

An Offer shall be deemed to have been accepted and the Share Award to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Grant Letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, is received by the Company within the aforesaid stipulated period.

The Board may, in its discretion, require the Grantee to pay the purchase price (per RSU) which (i) shall not be less than RMB1.00; and (ii) shall not exceed the average closing price of the H Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Date of Grant, as consideration for the grant of each RSU or purchase price of each Share Award to the Company, unless otherwise determined by the Board at its sole discretion or as required by applicable law. Such purchase price shall be paid by the Grantee within one (1) month upon the Date of Grant in general. Such payment is not refundable in principle unless the Board determines otherwise.

7. VESTING OF SHARE AWARDS

Subject to the terms of the RSU Scheme, the Board may decide at its sole and absolute discretion (subject to, including but not limited to, the execution of any transfer documents or restricted share agreements, the payment of any purchase price or the provision of any transfer or sale direction by the Grantee as may be required by the Board and/or the Trustee, and in accordance with the provisions stated in the Offer documentation to the Grantee) to:

- (i) procure the Company to allot and issue the number of Restricted Shares or the Shares underlying the RSUs (and, if applicable, transfer the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee (as new Shares under the Scheme Mandate Limit) as fully paid-up Shares directly; and/or
- (ii) pay, or procure the payment of, an amount equivalent to the market value of the Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee in cash, for the purpose of satisfying the relevant Share Awards of the Grantee upon vesting.

8. VESTING PERIOD

Save for the circumstances described below, the vesting period in respect of any Share Award granted shall be no less than 12 months from (and including) the Date of Grant.

Share Awards granted to an Employee Participant may be subject to a shorter vesting period only in the following circumstances at the sole discretion of the Board or the Remuneration Committee (as the case may be):

- (i) grants of "make-whole" Share Awards to new joiners to replace the share awards they forfeited when leaving their previous employers;
- (ii) grants that are made in batches during a year for administrative or compliance reasons, which include Share Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Share Award would have been granted;

- (iii) grants with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of twelve (12) months, or where the Share Awards may vest by several batches with the first batch to vest within 12 months of the Date of Grant and the last batch to vest twelve (12) months after the Date of Grant;
- (iv) grants with performance-based vesting conditions provided in the RSU Scheme or as specified in the Grant Letter in lieu of time-based vesting criteria; and
- (v) grants with a total vesting and holding period of more than twelve (12) months.

9. PERFORMANCE TARGETS

Vesting of Share Award shall be subject to the performance targets, if any, to be satisfied by the Grantees as determined by the Remuneration Committee from time to time. The Remuneration Committee shall have the authority, after the grant of any Share Award which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Remuneration Committee. The performance targets, which may vary among the Grantees, shall be set out in the Grant Letter. For example, the performance targets may be linked to the individual Employee Participant and/or the Group as a whole or to a subsidiary (if established), department, division, region, function or business unit, line of business, project or individual key performance indicators, which may include sales performance (e.g. revenue), operating performance (e.g. profits, operation efficiency), financial performance (e.g. profits, cash flow, earnings, market capitalisation, return on equity), corporate sustainability parameter (e.g. timeliness and accuracy in handling customer feedback, team work capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal business procedures), and other targets as the Remuneration Committee may determine from time to time and as set out in the Grant Letter. In particular, the Employee Participants' performance appraisal score in the preceding financial year before the vesting of Share Award shall not be lower than 80 points. The Remuneration Committee will conduct assessment from time to time by comparing the performance with the pre-set targets, past or current performance or comparison to internal targets or industry performance, to determine whether such targets and the extents to which have been met. If, after the assessment, the Remuneration Committee determines that any prescribed performance targets have not been met, the unvested Share Award shall lapse automatically.

10. CLAWBACK

Notwithstanding the terms and conditions of the RSU Scheme, the Board has the authority to provide that any Share Award shall be subject to a clawback if any of the following events occurs:

- (a) the Grantee has failed to perform his or her duties effectively or committed a serious breach or dereliction of his or her duties;
- (b) the Grantee has not performed or duly performed his or her duties, causing the Company to suffer a material loss in terms of assets and other material adverse impact;
- (c) the Grantee has engaged in the acceptance or solicitation of bribes, corruption, theft, leaking commercial and technological secrets of the Company, conducting related party transactions to the prejudice of the interests and reputation of the Company, and other illegal behaviours having a material adverse impact on the image of the Company and has been sanctioned;
- (d) the Grantee has contravened the relevant laws and regulations of any applicable jurisdiction or the provisions of the articles of association of any member of the Group;
- (e) the Grantee has failed to comply with any non-compete covenants or any terms and conditions of a similar effect under their respective contract with the Group; or
- (f) any other conduct which, as the Board determines in good faith, would justify the termination of his or her contract.

Upon occurrence of any of the above events (and whether an event is to be regarded as having occurred for the purpose of this section is subject to the sole determination of the Board) in relation to a Grantee, the Board may (but is not obliged to) by notice in writing to the relevant Grantee (in the case of a Share Award) claw back such number of Share Awards granted (to the extent not already vested) as the Board may consider appropriate. The Share Awards that are clawed back shall be regarded as cancelled and the Share Awards so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

11. RIGHTS ON VOTING AND DIVIDENDS

No Grantee shall enjoy any rights of a Shareholder by virtue of the grant of a Share Award pursuant to the Scheme, unless and until the Shares are actually issued or transferred to the Grantee pursuant to the vesting of a Share Award. The Share Awards do not carry any right to vote in general meeting of the Company, or the right to dividend and other rights, including those arising on a liquidation of the Company until such Share Awards have been vested as Shares. A Share issued or transferred upon the vesting of a Share Award shall not carry rights until the registration of the Grantee (or any other person so permitted pursuant to the Scheme) as the holder thereof.

Subject to any applicable laws, regulations and rules, the powers and obligations of the Trustee will be limited as set forth in the Trust Deed. The Trustee will hold the trust fund in accordance with the terms of the Trust Deed and the Trustee will hold the Shares which are part of the trust fund. The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (if any). In particular, the Trustee holding unvested Shares, whether directly or indirectly, shall abstain from voting or exercising any voting rights in respect of any Shares held, whether directly or indirectly, under the Trust or as nominee on matters that require approval of the Shareholders under the Listing Rules, unless otherwise required by applicable laws or regulations to vote in accordance with the beneficial owner's direction and such a direction is given.

12. LIFE OF THE RSU SCHEME

Subject to any early termination provisions pursuant to the RSU Scheme, the RSU Scheme shall be valid and effective for the Award Period. After the expiry of the Award Period, no further Share Awards shall be offered or granted, but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme.

13. LAPSE OF SHARE AWARD

A Share Award shall lapse automatically (to the extent not already vested) on the earliest of:

- (i) the date on which the Grantee ceases to be an Employee Participant for reason of his or her death, ill-health or retirement in accordance with his or her contract of employment;
- (ii) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be an Employee Participant for any reason other than his or her death, ill-health or retirement in accordance with his or her contract of employment;
- (iii) the date on which the Grantee commits a breach of selling, transferring, charging, mortgaging, encumbering or otherwise disposing of or creating any interest in favor of or enter into any agreement with any other person over or in relation to any Share Award or any property held by the Trustee on trust for the Grantees;
- (iv) the date on which the Remuneration Committee determines that any prescribed performance targets have not been met after conducting the assessment;
- (v) the date on which the Grantee appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts when they fall due or has become insolvent or has made any arrangement or composition with its creditors generally; and

- (vi) the date the Grantee ceases to be an Employee Participant for any other reason as determined by the Board.

Upon the termination of an unvested Share Award pursuant to the above, in the case of a Share Award, the unvested RSUs shall be cancelled without payment.

Upon any event in which the Company does not survive, or does not survive as a publicly traded company in respect of its ordinary shares or any event of change in control of the Company occurs (including, without limitation, a dissolution, voluntary winding-up, offer (by way of takeovers, scheme of arrangement or otherwise), merger, reconstruction, amalgamation, combination, consolidation, conversion, exchange of securities, or other reorganisation, or a sale of all or substantially all of the business, stock or assets of the Company), the Board may make provision for a cash payment in settlement of, or for the termination, assumption, substitution or exchange of any or all outstanding awards or the cash, securities or property deliverable to the holders of any or all outstanding Share Awards, based upon, to the extent relevant under the circumstances, the distribution or consideration payable to Shareholders upon or in respect of such event. Upon the occurrence of any event described in the preceding sentence, in connection with which the Board has made a provision for a Share Award to be terminated (and the Board has not made a provision for the substitution, assumption, exchange or other continuation or settlement of the Share Award): (i) unless otherwise provided in the applicable Offer documentation, each then-outstanding Share Award granted under the RSU Scheme shall become payable to the holder of such award (with any performance goals applicable to the award in each case being deemed met, unless otherwise provided in the Offer documentation, at the “target” performance level); and (ii) each Share Award shall terminate upon the related event.

14. RESTRICTIONS AND LIMITATIONS

A Share Award shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to any Share Award (or, prior to vesting of a Restricted Share Unit, the Shares subject thereto) or any property held by the Trustee on trust for the Grantees. Any breach of the foregoing shall entitle the Company to, in the case of an outstanding Share Award, cancel such award without payment of any consideration therefor.

No grant of any RSU to any selected Employee Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of Share Award under the circumstances below:

- (a) where any Director is in possession of unpublished inside information in relation to the Company; or where any Director of the Company knows or believes there is inside information which must be disclosed pursuant to the Listing Rules or any applicable laws, rules or regulations; or where dealings by Directors of members of the Group are prohibited under any code, internal written guidelines for securities transactions by employees, or requirement of the Listing Rules or any applicable laws, rules or regulations;

- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial year up to the publication date or the delayed publication date (if applicable) of such results; and
- (c) during the period of 30 days immediately preceding the publication date of the quarter or half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant quarter or half-year period of the financial period up to the publication date or the delayed publication date (if applicable) of such results.

15. RANKING OF SHARES

The Shares to be allotted and issued pursuant to any Share Award granted under the RSU Scheme shall be identical to the then existing issued shares of the Company and subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the other fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date the name of the Grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

16. CANCELLATION OF SHARE AWARDS

Upon occurrence of any events triggering the clawback mechanism (and whether an event is to be regarded as triggering the clawback mechanism is subject to the sole determination of the Board) in relation to a Grantee, the Board may (but is not obliged to) by notice in writing to the relevant Grantee (in the case of a Share Award) claw back such number of Share Awards granted (to the extent not already vested) as the Board may consider appropriate. The Share Awards that are clawed back shall be regarded as cancelled and the Share Awards so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. For details of the clawback mechanism of the RSU Scheme, please refer to paragraph 10 above.

Notwithstanding any other provisions of the RSU Scheme or any terms and conditions set forth in the relevant offer letter in respect of the Board's discretion to cancel any Share Awards that have not been vested, any Share Award granted but not vested may be cancelled if the Grantee so agrees. Where the Company cancels Share Awards granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under the RSU Scheme with available Scheme Mandate Limit, and that Share Awards so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

17. REORGANISATION OF CAPITAL STRUCTURE

In the event of an alteration in the capital structure of the Company whilst any Share Award remains outstanding by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements in Hong Kong and the PRC and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to the number or nominal amount of Shares comprised in each Share Award to the extent outstanding as the Auditors or an independent financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing to the Board, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each Grantee the same proportion of the equity capital, rounded to the nearest whole Share, of the Company as that to which that Grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the Auditors or independent financial advisor (as the case may be) in this section is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or independent financial advisor (as the case may be) shall be borne by the Company.

To the extent not otherwise determined by the Board, the method of adjustment of the number of Share Award to the extent outstanding is set out as below:

Capitalisation issue

$$Q = Q0 \times (1 + n)$$

Where: “Q0” represents the number of Share Award before the adjustment; “n” represents the ratio per Share resulting from the capitalisation issue; “Q” represents the number of Share Award after the adjustment.

Rights issue

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: “Q0” represents the number of Share Award before the adjustment; “P1” represents the closing price of the Shares as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of the rights issue allotment; “Q” represents the number of Share Award after the adjustment.

Consolidation of Shares or share subdivision or reduction of the share capital

$$Q = Q0 \times n$$

Where: “Q0” represents the number of Share Award before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “Q” represents the number of Share Award after the adjustment.

18. ALTERATION AND TERMINATION

The Board may by resolution amend any of the provisions of the RSU Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the RSU Scheme) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date and such alteration is in compliance with all applicable rules and regulations (including but not limited to the Listing Rules)).

Any alterations to the terms and conditions of the RSU Scheme which are of a material nature (e.g. the alternation of the purpose of the RSU Scheme, the definition of Employee Participants and the basis for determining their eligibility, the Award Period, the Scheme Mandate Limit, the individual limit for grants under the RSU Scheme and any other matters prescribed by the Listing Rules to be subject to Shareholders’ approval in general meeting), or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Employee Participants, must be approved by Shareholders in general meeting. The Board’s determination as to whether any proposed alteration to the terms and conditions of the RSU Scheme is material shall be conclusive. Any change to the terms of Share Awards granted to an Employee Participant, must also, to be effective, be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Share Awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the RSU Scheme. The RSU Scheme so altered must comply with the Listing Rules. Any change to the authority of the Board or the Trustee of the RSU Scheme in relation to any alternation to the terms of the RSU Scheme must be approved by the Shareholders in general meeting.

The Company by special resolution in general meeting or the Board may at any time resolve to terminate the operation of the RSU Scheme prior to the expiry of the Award Period, and in such event no further Share Awards will be offered or granted but the provisions of the RSU Scheme shall remain in full force to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme. Share Awards which are granted during the life of the RSU Scheme and remain outstanding immediately prior to the termination of the operation of the RSU Scheme shall continue to be valid and eligible to vest in accordance with their terms of issue after the termination of the RSU Scheme.

NOTICE OF THE EGM

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BaTelab

BaTeLab Co., Ltd.

蘇州貝克微電子股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2149)

NOTICE OF THE EGM

NOTICE IS HEREBY GIVEN that BaTeLab Co., Ltd. (the “**Company**”) will hold its 2024 first extraordinary general meeting (the “**EGM**”) at the conference room of the Company at Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC at 10:30 a.m. on Monday, 2 December 2024 for the Shareholders to consider and approve the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the resolution on proposed adoption of the Restricted Share Unit Scheme (H Share).
2. To consider and approve the resolution on proposed authorisation to the Board and its Delegated Persons to deal with matters related to the Restricted Share Unit Scheme (H Share).

By Order of the Board
BaTeLab Co., Ltd.
Mr. Li Zhen
Chairman

Suzhou, the PRC, 15 November 2024

As at the date of this notice, the Board comprises Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi as executive Directors; Mr. Kong Jianhua as non-executive Director; and Mr. Zhao Heming, Mr. Wen Chengge, Mr. Ma Ming and Ms. Kang Yuanshu as independent non-executive Directors.

NOTICE OF THE EGM

Notes:

- (a) Details of the resolutions are set out in the Company's circular dated 15 November 2024. Unless otherwise stated, capitalised terms used in this notice shall have the same meanings as those used in the circular.
- (b) Individual Shareholders attending the EGM in person shall present their personal identity cards or other valid documents or certificates for identification and stock account card; proxies attending the EGM shall present their valid personal identity cards and the authorisation letters from the Shareholders. Legal person Shareholders shall be represented by their legal representatives or proxies entrusted by their legal representatives to attend the EGM. Legal representatives attending the EGM shall present their personal identity cards and valid documents that can prove their identities as the legal representatives; proxies authorised to attend the EGM shall present their personal identity cards and the written authorisation letters legally issued by the legal representatives of legal person Shareholders.
- (c) Any Shareholder entitled to attend and vote at the EGM may appoint one or more persons (if the Shareholder holds two or more issued Shares), whether or not such person is a Shareholder of the Company, to act as his/her/its proxy(ies) to attend and vote on behalf of him/her/it at the EGM.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. In case of corporate Shareholders, the instrument must be executed either under its common seal or under the hand of its Director(s) or its attorney duly authorised in writing.

If the instrument appointing the proxy is signed by an attorney of the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarially certified and shall be delivered together with the form of proxy. The form of proxy, together with a notarially certified copy of the power of attorney or other authorisation document, must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shareholders), or the Company's Board Office at Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC (in respect of Unlisted Domestic Shareholders) not later than 24 hours before the time designated for holding the EGM or any adjournment thereof (as the case may be), i.e. by 10:30 a.m. on Sunday, 1 December 2024 to be valid.

In case of registered joint holders of any Shares, one of the registered joint holders can vote on such Shares in person or by a proxy as the only holder entitled to vote. However, if one or more registered joint holders attend the EGM in person or by proxy, only the vote of the person whose name appears first in the register of members relating to the joint holders (in person or by proxy) will be accepted as the only vote of the joint holders.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish at that time. In this case, the power of attorney will be deemed to have been revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote by Shareholders at the general meetings must be taken by poll. Therefore, the resolutions proposed at the EGM shall be voted by way of poll. The results of such poll will be published on the Company's website at www.batelab.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk after the EGM.

- (d) For the purpose of determining the entitlement of Shareholders to attend and vote at the EGM, the registration of Share transfers will be closed from Friday, 29 November 2024 to Monday, 2 December 2024 (both days inclusive), during which no Share transfers will be made. To be eligible to attend and vote at the EGM, all the completed transfer documents together with the relevant Share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shareholders) or the Company's Board Office at Building 1, No. 150 Jici Road, Science and Technology Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC (in respect of Unlisted Domestic Shareholders) not later than 4:30 p.m. on Thursday, 28 November 2024 for registration. Shareholders whose names appear on the Company's register of members on Monday, 2 December 2024 are entitled to attend and vote at the EGM.
- (e) Shareholders attending the EGM shall be responsible for their own traveling and accommodation expenses.

Shareholders may contact the Company's Board Office at +86 0512 6808 8056 for any queries regarding the EGM.