ZHEJIANG LAIFUAL DRIVE CO., LTD.
TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS

Chapter I General Provisions

Article 1 In order to regulate the selection of Directors and senior management of Zhejiang Laifual Drive Co., Ltd. (浙江來福諧波傳動股份有限公司) (hereinafter referred to as the "Company"), optimize the composition of the Board of Directors and senior management, and improve corporate governance structure of the Company, the Nomination Committee of the Board of Directors of the Company (the "Committee") is established with these terms of reference (these "Terms") in accordance with the Company Law of the People's Republic of China (2023 Revision), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"), the Articles of Association of Zhejiang Laifual Drive Co., Ltd. (the "Articles of Association") and other relevant laws, regulations and normative documents, and the securities regulatory rules of the place(s) where the shares of the Company are listed.

Article 2 The Committee is a specialized working body established under the Board of Directors and is mainly responsible for identifying candidates, formulating selection standards and procedures for candidates for Directors and senior management of the Company, conducting evaluations and providing recommendations. The Nomination Committee shall perform its duties in accordance with the laws and regulations, the securities regulatory rules of the place(s) where the shares of the Company are listed, the Articles of Association and the authorization of the Board of Directors. Unless otherwise specified, the proposals of the Nomination Committee shall be submitted to the Board of Directors for consideration and decision.

Article 3 For the purposes of these Terms, "Directors" refer to all the Directors of the Company, and "senior management" refers to the general manager, deputy general manager, financial officer, secretary to the Board of Directors and other senior management stipulated in the Articles of Association who are appointed by the Board of Directors.

Article 4 The Committee shall be accountable to and report to the Board of Directors.

Article 5 These Terms shall apply to the Committee and the relevant personnel and departments referred herein.

Chapter II Composition of the Committee

Article 6 The Committee shall consist of at least three Directors, the majority of whom shall be independent non-executive Directors.

Article 7 Members of the Committee shall be nominated by the chairman of the Board of Directors, a simple majority of the independent Directors or more than one-third of all Directors, and shall be elected by the Board of Directors and approved by a simple majority of all Directors. The Nomination Committee shall appoint at least one director of a different gender.

Article 8 The Committee shall have a chairman who shall be the chairman of the Board of Directors or an independent non-executive director. The chairman shall be nominated by the chairman of the Board of Directors and appointed upon approval of the Board of Directors.

Article 9 The term of office of the Committee shall be the same as that of the current Board of Directors, and the term of office of each member shall be the same as his or her term of directorship. Upon expiration of the term of office, a member may be re-elected and re-appointed. If any member of the Committee ceases to hold office as a Director of the Company during his/her term of office, or if a member who is required to be an independent non-executive Director ceases to possess the independence required by the Hong Kong Listing Rules, his/her qualification as a member shall automatically lapse, and the vacancy shall be filled by the Board of Directors in accordance with these Terms.

Article 10 Members of the Committee may tender their resignation to the Board of Directors prior to the expiration of their term of office, and the resignation report shall contain necessary explanations on the reasons for resignation and the matters that require the attention of the Board of Directors of the Company. Where the number of members of the Committee falls below the minimum number prescribed in these Terms of Reference, the resigning member shall continue to perform his/her relevant duties until a substitute member appointed by the Board of Directors assumes office.

Article 11 Upon a proposal by the chairman of the Board of Directors and the consideration and approval by the Board of Directors, adjustments may be made to the members of the Committee during their term of office.

Article 12 Where the composition of the Committee fails to satisfy the requirements under these Terms, the Board of Directors shall immediately issue an announcement in accordance with the requirements of the Hong Kong Listing Rules setting out the details of and reasons for such non-compliance, and shall make up the shortfall in accordance with the provisions of these Terms within three months from the date of such non-compliance. The term of office of the member appointed to fill the vacancy shall end upon the expiration of his/her term of office as a Director.

Article 13 Under the coordination of the office of the Board of Directors, the human resources department of the Company, as the working body of the Committee, shall provide support and services to the Committee and undertake the relevant duties assigned by the Committee.

Chapter III Duties of the Committee

Article 14 The main duties of the Committee are:

(1) to study and make recommendations on the selection criteria and procedure of Directors and senior management; to review the structure, size, composition and relevant qualifications (including skills, knowledge, expertise and experience) of the Board of Directors at least once annually, and make recommendations on any proposed changes to the Board of Directors to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become members of the Board of Directors (including whether the individuals can bring views, perspectives, skills, and experience to the Board of Directors, and whether the individuals can contribute to the diversity of the Board of Directors), and make recommendations to the Board of Directors on the selection of individuals nominated for directorships;

(3) to assess the independence and qualifications of the independent non-executive Directors of the Company;

(4) to assess the number of directorships of other listed companies held by candidates to be nominated as the independent non-executive Directors of the Company. If the candidate will be holding his/her seventh or more listed company directorship, the Board of Directors shall be satisfied that the candidate is still able to devote sufficient time to the Board of Directors;

(5) to develop and maintain a policy for the nomination of the Directors which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year, and to review periodically and disclose the policy and progress made towards achieving the objectives set in the nomination policy in the Corporate Governance Report of the Company;

(6) to develop and maintain a policy concerning the diversity of the Board of Directors, and to review periodically and disclose the diversity policy or a summary of the policy in the Corporate Governance Report of the Company;

(7) to review annually the time required from non-executive Directors and independent non-executive Directors. Performance evaluations should be used to assess whether the non-executive Directors and independent non-executive Directors are spending sufficient time in fulfilling their duties;

(8) to make recommendations to the Board of Directors on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board of Directors and the chief executive officer. The Nomination Committee shall make recommendations on appointment of Directors with due regard to the diversity policy of the Company and in accordance with the challenges and opportunities faced by the Company;

(9) to support the Company in conducting a performance evaluation of the Board of Directors every two years, and to disclose the scope, process and results of the performance evaluation in the Corporate Governance Report, including key areas for improvement and the measures taken or planned to be taken in response to the evaluation results, and to urge the Company to enhance the disclosure of the Board of Directors skills matrix in the Corporate Governance Report;

(10) to set out the following details in the circular to shareholders and/or the explanatory statement attached to the relevant notice to the shareholders' general meeting when the Board of Directors proposes to put forward a resolution to elect an individual as an independent non-executive director at the general meeting: (i) the process used for identifying the individual and why the Board of Directors believes the individual should be elected and the reasons why it considers the individual to be independent; (ii) if the proposed independent non-executive director will hold his/her seventh (or more) directorship of a listed company, the reasons why the individual would still be considered to be able to devote sufficient time to the Board of Directors; (iii) the views, perspectives, skills and experience that the individual can bring to the Board of Directors; and (iv) how the individual contributes to the board diversity; and

(11) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place(s) where the shares of the Company are listed, the Articles of Association and these Rules, and those authorized by the Board of Directors.

Article 15 If an independent non-executive director has served for more than 9 years, his or her further appointment should be subject to a separate resolution to be approved by the Shareholders. The circular accompanying such resolution shall include the reasons why the Board of Directors (or the Nomination Committee) believes that such individual remains independent and should be re-elected.

Article 16 The duties of the Chairman of the Committee are:

(1) to convene and preside over meetings of the Committee;

(2) to supervise and examine the performance of the Committee and implementation of the resolutions of the Committee;

(3) to sign the relevant documents of the Committee;

(4) to report the work of the Committee to the Board of Directors of the Company;

(5) to attend the annual general meeting of the Company and reply to enquiries from shareholders on matters relating to the duties of the Committee. Where the chairman of the Committee is unable to attend the annual general meeting, other members or proxies so duly appointed shall attend the meeting on his/her behalf;

(6) to perform other duties as required or delegated by the laws and regulations, the Hong Kong Listing Rules and other listing rules of the jurisdiction(s) where the Company's securities are listed, these rules of procedure and the Board of Directors.

Article 17 The primary duties of a Committee member are:

(1) to attend meetings of the Committee punctually, and express opinions and vote on the matters considered thereon;

(2) to propose matters to be considered at the meetings of the Committee;

(3) to sit in or observe relevant meetings of the Company, conduct studies and researches, and obtain reports, documents, materials and other relevant information necessary for performing his/her duties;

(4) to fully understand the duties of the Committee as a whole and those as a member of the Committee, and acquaint himself/herself with the operation, management, business activities and development of the Company to ensure his/her capacity for the performance of responsibilities;

(5) to guarantee that he/she has devoted sufficient time and attention to perform his/her duties;

(6) to perform other duties as required by the Laws and Regulations, the Hong Kong Listing Rules and the listing rules of the place(s) where the securities of the Company are listed, these Rules of Procedure and other duties conferred by the Board of Directors.

Article 18 The Nomination Committee shall have the right to exercise any authority delegated by the Board of Directors where it deems necessary. The Company shall provide the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee shall have the right to decide, where it considers it necessary, to engage third parties to assist in identifying qualified candidates for Directors and senior management. The term of engagement and fees of such intermediaries shall be determined by the Nomination Committee, and the reasonable expenses incurred shall be borne by the Company.

Article 19 The Nomination Committee is accountable to the Board of Directors, and the recommendations of the Nomination Committee shall be submitted to the Board of Directors for consideration and decision; in particular, the nomination of director candidates shall, after being considered by the Board of Directors, be submitted to the shareholders' general meeting for consideration and approval prior to implementation.

Article 20 The Nomination Committee shall publish its terms of reference on the website of The Stock Exchange of Hong Kong Limited and the Company's website, explaining its role and the authority delegated to it by the Board of Directors.

Chapter IV Working Procedures

Article 21 The selection procedures of Directors and senior management are:

(1) the Committee shall actively communicate with the various departments of the Company to study the demand of the Company for new Directors and senior management and to formulate written materials thereof;

(2) the Committee may extensively search for candidates for Directors and senior management within the Company and its controlled (investee) enterprises as well as in the talent market;

(3) the Committee shall gather information about the occupation, education background, job title, detailed information in relation to the work experience and all the concurrent positions of the preliminary proposed candidates, and formulate written materials thereon;

(4) the nominee shall not be deemed as the candidate for director or senior management unless his/her consent for nomination is obtained;

(5) the Committee shall convene a Committee meeting to conduct qualification review on the preliminary proposed candidates in accordance with the requirements for Directors and senior management;

(6) the Committee shall submit to the Board of Directors its proposals and relevant information on the candidates for the new Directors and senior management prior to the election of new Directors and appointment of new senior management; and

(7) the Committee shall carry out other follow-up work according to the decision and feedback from the Board of Directors.

Chapter V Meetings of the Committee

Article 22 Meetings of the Committee are divided into regular meetings and extraordinary meetings.

Article 23 Regular meetings shall be held at least once a year, and all members shall be notified three days prior to the meeting.

Article 24 The Committee may convene extraordinary meetings as necessary. The chairman of the Committee shall issue a notice to convene a meeting within three days from the date of the occurrence of any of the following events:

(1) when the Board of Directors deems it necessary;

(2) when the chairman of the Committee deems it necessary;

(3) when a proposal is made by two or more members.

Article 25 The working body of the Committee shall be responsible for delivering the meeting notice in writing to each member and the relevant personnel invited to attend the meeting three days prior to the meeting (except in special circumstances where the requirement of prior notice is exempted, provided that the chairman of the meeting shall explain at the meeting). The meeting notice shall include the form, time, venue, duration and agenda of the meeting, the time of issuance of the notice, the contact person and his/her contact information, and relevant data.

Article 26 Upon receipt of the meeting notice, members of the Committee shall promptly provide confirmation and relevant replies (including but not limited to the confirmation of attendance and itinerary arrangements) through appropriate means.

Article 27 The quorum of a Committee meeting shall be the presence of at lest two-thirds of the members.

Article 28 Members of the Committee shall attend a meeting in person. If a member is unable to attend the meeting in person for any reason, such member may, by signing and submitting a proxy form, authorize another member of the Committee to attend and express opinions at the meeting on his/her behalf. Such proxy form shall specify the scope and term of the authorization. Each member may only appoint one other member to exercise voting rights on his/her behalf at a time. If a member appoints two or more proxies to exercise voting rights, such appointment shall be invalid. Meanwhile, no member shall concurrently act as proxy for two or more members.

The members attending a meeting as a proxy shall exercise rights within the scope of authorization. If a member fails to attend a committee meeting in person, and neither appoints another member of the committee to exercise rights on his/her behalf nor submits written opinions prior to the convening of the meeting, he/she shall be deemed to have waived his/her rights.

A member who is unable to attend the meeting in person may also exercise his/her rights by submitting written opinions on the matters to be considered, provided that such written opinions shall be submitted to the working body of the committee prior to the convening of the meeting at the latest.

Article 29 If a member of the Committee fails to attend Committee meetings in person for two consecutive meetings, and neither appoints another member of the Committee as proxy nor submits written opinions prior to the meeting; or if a member's personal attendance at meetings within one year is less than three-quarters of the total number of meetings, such member shall be deemed unable to perform the duties of the Committee, and the Board of Directors may adjust the Committee members in accordance with these Terms.

Article 30 The meeting shall be presided over by the chairman of the Committee. If the chairman of the Committee is unable to attend the meeting, he/she may appoint another member of the Committee to preside over the meeting. Where the chairman of the Committee neither performs his/her duties nor designates another member to perform his/her duties on his/her behalf, any member may report the relevant situation to the Board of Directors of the Company, and the Board of Directors of the Company shall designate an independent non-executive Director who is a Committee member to perform the duties of the chairman of the Committee.

Chapter VI Procedures of Meetings

Article 31 Each member of the Committee shall have one vote. A resolution of the meeting shall be passed by over half of the votes of all members. In the event that the meeting fails to reach a valid resolution due to the abstention of any member, the relevant matter shall be submitted directly to the Board of Directors for consideration.

Article 32 Meetings of the Committee shall, in principle, be held by way of on-site meeting, video conference or teleconference. Where it is impracticable to hold an on-site meeting, video conference or teleconference in case of emergency, force majeure or other special circumstances, a meeting may be held by means of written communication. Where a meeting is conducted by means of written communication, the Committee members shall submit to the Board of Directors their written opinions on the matters to be discussed within the period specified in the notice of the meeting.

Article 33 Voting at meetings of the Committee shall be conducted by a show of hands or by poll. Where any member attending via teleconference or video conference is unable to sign the resolutions in real time, he/she may first express his/her views orally and complete the written signature procedures as soon as practicable. The subsequent written signatures must be consistent with the oral views expressed at the meeting.

Article 34 At meetings of the Committee, matters under consideration shall be deliberated and discussed. Committee members shall, based on their own judgment, express their opinions clearly, independently and fully; any dissenting opinions shall be set out in the meeting minutes submitted to the Board of Directors.

Article 35 The Committee may invite Directors, related senior management and relevant experts of the Company, as well as external experts, scholars, intermediary agencies and relevant persons to attend the meeting as observers. Those invited shall give explanations and elaborations on any matters as required by any Committee member.

Article 36 Where the Committee deems it necessary, it may, upon approval of the Board of Directors, seek professional advice from external professionals or institutions. Any reasonable cost so incurred shall be borne by the Company.

Article 37 The convening procedures, voting methods and resolutions of meetings of the Committee shall comply with the provisions of relevant Laws and Regulations, the Articles of Association and these Terms.

Article 38 Where a member of the Committee has an interest in a matter being considered by the Committee, such member shall withdraw from the meeting in respect of that matter.

Article 39 All persons attending the meeting shall owe a duty of confidentiality regarding the matters discussed at the meeting, and shall not disclose the relevant information without authorization.

Chapter VII Meeting Minutes and Meeting Summaries

Article 40 Minutes shall be kept for meetings of the Committee. The meeting minutes shall be prepared by the working body of the Committee and include the following:

(1) the meeting number, the manner of convening, date, venue and name of the chairman of the meeting;

(2) the attendance and absence of members in person and by proxy;

(3) the names and titles of each attendee;

(4) the agenda of the meeting;

(5) the main points made by the Committee members and relevant attendees;

(6) the name of the minute taker;

(7) the abstention from voting of any interested member (if any), which shall be specified in the minutes or the relevant resolutions.

Members present at the meeting shall sign the minutes of the Committee meeting.

Article 41 Upon the conclusion of the Committee meeting, the working body of the Committee shall be responsible for preparing the summary of the Committee meeting based on the matters deliberated and discussed at the meeting.

In addition to being submitted to the Board of Directors of the Company, the meeting summary shall also be forwarded to the members of the Committee, the secretary to the Board of Directors, the human resources department of the Company, as well as the relevant departments and persons.

Article 42 Meeting minutes, meeting summary, proxy form, written opinions of the members of the Committee and other materials of the meeting of the Committee shall be kept by the office of the Board of Directors in accordance with relevant requirements.

Chapter VIII Supplementary Provisions

Article 43 Unless otherwise stated, terms used herein shall have the same meanings as those ascribed to them in the Articles of Association.

Article 44 For matters not covered in these Terms, or in the event of any contradiction with any laws, administrative regulations, departmental rules, other normative documents, the Hong Kong Listing Rules and other relevant regulatory rules of the place of listing promulgated after these Terms become effective, or the Articles of Association as amended pursuant to lawful procedures, the provisions of the relevant national laws, administrative regulations, departmental rules, other normative documents, the Hong Kong Listing Rules and other relevant regulatory rules of the place of listing, and the Articles of Association shall prevail. These Terms shall be amended immediately and submitted to the Board of Directors for consideration and approval.

Article 45 Upon consideration and approval by the Board of Directors, these Terms shall come into effect and be implemented from the date on which the H Shares publicly issued by the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

Article 46 The rights of interpretation and amendment of these Terms shall be vested in the Board of Directors of the Company.