THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Zhejiang Laifual Drive Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Zhejiang Laifual Drive Co., Ltd.
浙江來福諧波傳動股份有限公司

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

(Stock Code: 03952)

(1) PROPOSED GRANT OF GENERAL MANDATE TO ISSUE H SHARES; (2) PROPOSED GRANT OF GENERAL MANDATE TO REPURCHASE H SHARES; (3) PROPOSED ADOPTION OF THE 2026 H SHARE AWARD SCHEME AND SCHEME MANDATE LIMIT; (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND (5) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

The EGM of the Company will be held at Conference Room No. 6, Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, PRC on Tuesday, 24 November 2026 at 9:30 a.m.. The notice of the EGM is set out at the end of this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 24 hours before the scheduled time for the EGM or any adjournment thereof (as the case may be) (i.e. not later than 9:30 a.m. on Monday, 23 November 2026 (Hong Kong time)). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish.

Non-registered shareholders whose H shares are held in the CCASS through banks, brokers, custodians or HKSCC may also vote and attend the EGM. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

This circular together with the form of proxy are also published on the websites of The Stock Exchange of Hong Kong Limited (**www.hkexnews.hk**) and the Company (**www.laifual.com**).

4 November 2026

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

"Adoption Date"	the date the Scheme is adopted by Shareholders in general meeting or, if later, the date any other requisite approval for its adoption under the Listing Rules is obtained
"Applicable Laws"	applicable laws, regulations and regulatory requirements, including the Company Law, PRC Securities Law, SFO, Listing Rules and the Articles
"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time
"associate(s)"	have the meaning ascribed to them in the Listing Rules
"Authorized Persons"	any committee of the Board or other persons to whom the Board delegates authority to administer the Scheme
"Award(s)"	an award under the Scheme in the form of a Share Option, an RSU or a combination of both, as determined by the Board
"Award Letter"	a letter issued on the Grant Date setting out the terms and conditions of an Award
"Award Shares"	H Shares underlying an Award, including new H Shares, Treasury Shares and existing H Shares purchased or acquired by a Trustee on-market or off-market
"Board"	the board of Directors of the Company
"Business Day"	a day on which the Stock Exchange is open for dealing in securities
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"chief executive"	has the meaning ascribed to it in the Listing Rules
"China" or "PRC"	the People's Republic of China, excluding, for this circular, Hong Kong, the Macau Special Administrative Region and Taiwan
"close associate(s)"	have the meaning ascribed to them in the Listing Rules

"Company"	Zhejiang Laifual Drive Co., Ltd.(浙江來福諧波傳動股份有限公司), a joint stock company incorporated in the PRC with limited liability in November 2013, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 03952)
"Company Law"	the Company Law of the People's Republic of China
"controlling shareholder(s)"	have the meaning ascribed to them in the Listing Rules
"core connected person(s)"	have the meaning ascribed to them in the Listing Rules
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting to be held at Conference Room No. 6, Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, PRC on Tuesday, 24 November 2026 at 9:30 a.m., or any adjournment thereof
"Eligible Participant(s)"	persons who are employees (full-time or part-time), directors (excluding independent non-executive Directors) or officers of a member of the Group on the Grant Date, subject to the Scheme Rules
"Exercise Period"	the period in which a vested Share Option may be exercised, as specified in the Award Letter, not exceeding ten years from the Grant Date
"Exercise Price"	the price per H Share payable on exercise of a Share Option
"General Mandate"	the general mandate to exercise the power of the Company to allot, issue or deal with Shares (including any sale or transfer of Treasury Shares) not exceeding 20% of the total number of Shares (excluding Treasury Shares, if any) in issue as at the date of passing the proposed resolution approving the General Mandate at the EGM, details of which are set out in the notice of the EGM
"Global Offering"	the global offering of H Shares described in the Prospectus

"Grant Date"	the date of the Award Letter granting an Award, which must be a Business Day
"Grantee"	an Eligible Participant approved for participation and granted an Award
"Group"	the Company and its subsidiaries from time to time
"H Share(s)"	ordinary Shares of RMB1.00 each listed on the Stock Exchange and traded in Hong Kong dollars
"H Share Shareholder(s)"	holder(s) of H Shares
"H Share Registrar"	Tricor Investor Services Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jieyang Information"	Shengzhou Jieyang Information Consulting Partnership (Limited Partnership)(嵊州市傑陽信息諮詢合夥企業(有限合夥)), incorporated under the PRC laws on 4 December 2017 as a limited partnership, one of the Single Largest Group of Shareholders of the Company
"Laifu Investment"	Shengzhou Laifu Investment Partnership (Limited Partnership)(嵊州市來福投資管理合夥企業(有限合夥)), incorporated under the PRC laws on 27 October 2015 as a limited partnership, and a member of Single Largest Group of Shareholders of the Company
"Latest Practicable Date"	30 October 2026, being the latest practicable date before printing this circular for ascertaining certain information contained herein
"Listing Date"	30 June 2026, when dealings in the H Shares commenced on the Stock Exchange
"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 from time to time

"Proposed Amendments to Articles of Association"	the proposed amendments to the Articles of Association as set forth in this circular
"Prospectus"	the prospectus of the Company dated 22 June 2026
"Purchase Price"	the price per H Share, if any, payable for Shares underlying an RSU, as specified in the Award Letter
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Repurchase Mandate"	the general mandate to exercise the power of the Company to repurchase H Shares not exceeding 10% of the total number of H Shares (excluding Treasury Shares, if any) in issue as at the date of passing the proposed resolution approving the Repurchase Mandate at the EGM, details of which are set out in the notice of the EGM
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s) conditionally entitling a Grantee to the number of H Shares determined by the Board under the Scheme
"Scheme" or "2026 H Share Award Scheme"	the 2026 H share award scheme proposed for adoption at the EGM
"Scheme Mandate Limit"	the maximum number of new H Shares and Treasury Shares available for grants under the Scheme and other relevant schemes as described in paragraph 5 of Appendix II, as adjusted or refreshed in accordance with the Scheme and the Listing Rules
"Scheme Period"	the ten-year period from the Adoption Date, unless terminated earlier under the Scheme
"Scheme Rules"	the rules of the Scheme, as amended from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	ordinary share(s) of RMB1.00 each in the capital of the Company, all Shares currently in issue are H Shares
"Share Option(s)"	an Award conferring a right to acquire the specified number of H Shares during the Exercise Period at the Exercise Price, subject to the Scheme
"Shareholder(s)"	holder(s) of Shares
"subsidiary(ies)"	has the meaning ascribed to it in the Listing Rules
"substantial shareholder(s)"	have the meaning ascribed to them in the Listing Rules
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended from time to time
"Taxes"	the taxes, duties, social security contributions, charges and levies described in paragraph 14 of Appendix II
"Treasury Shares"	H Shares held by the Company as treasury shares within the meaning of the Listing Rules
"Trust(s)"	the trust(s) established pursuant to the Scheme
"Trustee(s)"	the professional trustee(s) appointed to administer and implement the Scheme
"Vesting Date"	the date or dates on which an Award or part of it vests, as determined under the Scheme and specified in the Award Letter
"Vesting Period"	the period from grant to vesting of an Award or tranche under the relevant vesting schedule and conditions
"%"	per cent

Zhejiang Laifual Drive Co., Ltd.
浙江來福諧波傳動股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03952)

Executive Directors:
Mr. Zhang Jie *(Chairman)*
Mr. Wu Di
Ms. Wang Haiying
Mr. Zhang Han

Non-executive Directors:
Mr. Cui Zhiyuan
Mr. Li Chengsheng

Independent Non-executive Directors:
Mr. Feng Yun
Dr. Li Jun
Mr. Lou Yu
Ms. Tian Chunshan

Registered address:
Industrial Park, Ganlin Town
Shengzhou City
Zhejiang Province
PRC

Headquarters and principal place of business in the PRC:
Industrial Park, Ganlin Town
Shengzhou City
Zhejiang Province
PRC

Principal place of business in Hong Kong:
Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

4 November 2026

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED GRANT OF GENERAL MANDATE TO ISSUE H SHARES; (2) PROPOSED GRANT OF GENERAL MANDATE TO REPURCHASE H SHARES; (3) PROPOSED ADOPTION OF THE 2026 H SHARE AWARD SCHEME AND SCHEME MANDATE LIMIT; (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND (5) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 4 November 2026 in relation to, among other things, the proposed adoption of the 2026 H Share Award Scheme and the Proposed Amendments to the Articles of Association.

The purpose of this circular is to provide Shareholders with information concerning (i) the proposed grant of the General Mandate; (ii) the proposed grant of the Repurchase Mandate; (iii) the proposed adoption of the 2026 H Share Award Scheme and the Scheme Mandate Limit; (iv) the proposed authorization to the Board and/or the Authorized Persons to administer and implement the Scheme; and (v) the Proposed Amendments to the Articles of Association together with the notice convening the EGM, to enable Shareholders to make an informed decision on the resolutions to be proposed at the EGM.

II. MATTERS TO BE RESOLVED AT THE EGM

A. Proposed Grant of the General Mandate to Issue H Shares

To provide flexibility to respond to market opportunities and the Company's capital requirements, a special resolution will be proposed at the EGM to grant the Board a general and unconditional mandate to allot, issue and deal with additional H Shares (including the sale or transfer of Treasury Shares) and securities, options, warrants or similar rights convertible into or carrying rights to subscribe for H Shares, subject to the Listing Rules, the Company Law and the Articles.

The General Mandate will authorize the issue of H Shares representing up to 20% of the total number of Shares in issue (excluding Treasury Shares) as at the date of passing the relevant resolution. As at the Latest Practicable Date, the Company had 104,135,187 Shares in issue, all of which were H Shares, and held no Treasury Shares. Subject to the passing of the proposed special resolution contained in item 1 of the notice of EGM and on the basis that no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of the EGM, the Company will be allowed to issue Shares and sale or transfer of Treasury Shares up to a maximum of 20,827,037 Shares. Any adjustment following a consolidation or subdivision of Shares will preserve the percentage of issued Shares represented by the mandate immediately before and after that event.

The General Mandate will remain effective from the passing of the relevant resolution until the earlier of (i) the conclusion of the next annual general meeting of the Company following the EGM; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or other applicable laws, rules and regulations to be held; and (iii) its revocation or variation by a resolution of Shareholders in general meeting.

The Board will only exercise its power under the General Mandate in accordance with the Listing Rules, and the applicable laws, rules and regulations of government and regulatory bodies of the PRC and only if all necessary approvals from the CSRC and/or other relevant PRC authorities are obtained.

B. Proposed Grant of General Mandate to Repurchase H Shares

To provide flexibility to respond to market conditions, a special resolution will be proposed at the EGM to authorize the Board to repurchase H Shares on the Stock Exchange representing not more than 10% of the total number of H Shares in issue (excluding Treasury Shares) as at the date of passing the resolution. On the basis of 104,135,187 H Shares in issue and no Treasury Shares as at the Latest Practicable Date, and assuming that no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of the EGM, the Repurchase Mandate will authorize the repurchase of up to 10,413,518 H Shares.

The Company Law, to which the Company is subject, provides that a joint stock limited company incorporated in the PRC may not repurchase its shares except where the repurchase is made for any of the following purposes: (a) reducing its registered capital; (b) merging with another entity that holds its shares; (c) using the shares for an employee stock ownership plan or share incentive scheme; (d) acquiring, at the request of shareholders who dissent from a shareholders' resolution approving a merger or division of the company, the shares held by such shareholders; (e) using the shares to satisfy the conversion of corporate bonds issued by the company that are convertible into its shares; or (f) safeguarding the value of the listed company and the interests of its shareholders. The Articles of Association provide that the Company shall not acquire its own shares except for any of the following purposes: (a) reducing its share capital; (b) merging with another company that holds shares in the Company; (c) acquiring, at the request of Shareholders who dissent from a resolution of a Shareholders' meeting approving a merger or division of the Company, the shares held by such Shareholders; (d) using the shares to satisfy the conversion of corporate bonds issued by the Company that are convertible into its shares; (e) safeguarding the value of the Company and the interests of its Shareholders; or (f) any other circumstances permitted by applicable laws, regulations or the requirements of the relevant regulatory authorities.

The Repurchase Mandate will remain effective from the passing of the relevant resolution until the earlier of (i) the conclusion of the next annual general meeting of the Company following the EGM; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or other applicable laws, rules and regulations to be held; and (iii) its revocation or variation by a resolution of Shareholders in general meeting. The Board may delegate to the chairman and his authorized persons the implementation of repurchase plans, the execution of documents, regulatory filings, creditor notification procedures where required, foreign exchange and account arrangements, and the cancellation or lawful retention or transfer of repurchased H Shares and consequential changes to registered capital and the Articles.

As at the Latest Practicable Date, the Directors had no immediate plan to repurchase H Shares pursuant to the Repurchase Mandate. The Company intends, subject to applicable laws and the Listing Rules, to cancel repurchased H Shares and/or retain them as Treasury Shares, having regard to market conditions and its capital management needs at the relevant time. Treasury Shares may be used to satisfy Awards under the Scheme, subject to the Scheme Mandate Limit and the relevant requirements of Chapter 17 of the Listing Rules.

The explanatory statement required by the Listing Rules is set out in Appendix I. An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate. A special resolution will be proposed at the EGM in relation to the grant of the Repurchase Mandate to the Directors.

C. Proposed Adoption of the 2026 H Share Award Scheme

Background and conditions

On 4 November 2026, the Board resolved to propose the adoption of the Scheme and the Scheme Mandate Limit for Shareholders' approval. The Scheme permits Awards in the form of Share Options, RSUs or a combination of both. A Share Option confers a right to acquire H Shares during the applicable Exercise Period at the Exercise Price. An RSU confers a conditional entitlement to the number of H Shares determined by the Board, subject to the vesting conditions and any Purchase Price specified in the Award Letter. The Scheme will become effective upon (i) the passing of a resolution by Shareholders approving its adoption; and (ii) the Listing Committee granting approval for the listing of, and permission to deal in, the new H Shares to be allotted and issued pursuant to Awards. The Scheme will be valid for ten years from the Adoption Date, subject to earlier termination in accordance with its terms. No further Awards may be offered or granted after termination, but subsisting Awards will continue to be governed by the Scheme to the extent necessary to give effect to their vesting and exercise.

Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the new H Shares that may be allotted and issued in respect of Awards under the Scheme, subject to the Scheme Mandate Limit. The proposed adoption of the Scheme, the approval of its mandate and the authorization for its administration will be considered under special resolutions numbered 3, 4 and 5, respectively.

Purpose and Eligible Participants

The purposes of the Scheme are to provide a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and providing benefits to Eligible Participants; to align their interests with those of the Company and Shareholders by giving them the opportunity to acquire proprietary interests in the Company; and to encourage their contribution to the Company's long-term growth, performance, profits and value.

Eligible Participants are persons who, on the Grant Date, are employees (whether full-time or part-time), directors (excluding independent non-executive Directors) or officers of any member of the Group. A person will not be eligible where participation is prohibited by the laws of his or her place of residence or where compliance with applicable laws makes exclusion necessary or expedient in the Board's view.

The Board will assess eligibility by reference to the person's contribution to the development and growth of the Group, taking into account, among other things, educational background, professional experience, qualifications, skills, knowledge, length of service, job position and duties, contribution to the Group and performance evaluation results. The Board considers that these criteria connect participation to the skills, responsibilities and contribution relevant to the Group and allow Awards to be directed to people whose retention and performance can support its long-term development.

Source of Award Shares and Scheme Mandate Limit

Award Shares may be satisfied by (i) new H Shares to be allotted and issued by the Company; (ii) the transfer of Treasury Shares; and/or (iii) existing H Shares purchased or acquired on-market or off-market by the Trustee. The Board may determine the source of H Shares and the settlement method for each Award in accordance with the Scheme.

As at the Latest Practicable Date, the registered share capital of the Company is RMB104,135,187, comprising 104,135,187 H Shares. The proposed Scheme Mandate Limit is 10,413,518 H Shares, representing approximately 10% of the 104,135,187 H Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date, assuming no change in such number before the Adoption Date. In any event, the aggregate number of new H Shares that may be issued, together with Treasury Shares that may be transferred, in respect of all options and awards to be granted under the Scheme and any other share schemes of the Company must not exceed 10% of the relevant class of Shares in issue (excluding Treasury Shares) on the Adoption Date.

Awards that lapse in accordance with the relevant scheme terms do not count as utilized mandate, whereas cancelled Awards do. Awards funded entirely by existing H Shares purchased or acquired on-market or off-market by the Trustee do not count towards the Scheme Mandate Limit. That exclusion does not apply to Treasury Shares.

The limit may be refreshed with Shareholders' approval after three years from adoption or the last refreshment. An earlier refreshment requires the voting abstentions and additional independent Shareholders' approval procedures prescribed by the Listing Rules, subject to the limited exception for a pro rata issue. Separate Shareholders' approval may also be sought for grants beyond the limit to specifically identified Eligible Participants. The detailed requirements are set out in paragraph 5 of Appendix II to this circular.

Administration and Trustee arrangements

The Board will administer the Scheme and may delegate authority to a committee or other persons, appoint administrators and revoke any delegation. All exercises of discretion remain subject to the Scheme Rules and applicable laws and regulatory requirements. Required approvals by the Remuneration and Appraisal Committee, independent non-executive Directors or Shareholders cannot be dispensed with by delegation.

The Company may establish one or more Trusts and appoint professional Trustees to hold and acquire Award Shares and administer settlement. As at the Latest Practicable Date, no Trustee had been appointed. None of the Directors will act as Trustee or have a direct or indirect interest in a Trustee of the Scheme. The Trustee holding unvested H Shares, directly or indirectly, must abstain from voting on matters requiring Shareholders' approval under the Listing Rules, unless legally required to vote in accordance with a direction from the beneficial owner and such direction has been given. Treasury Shares do not carry voting rights while held in treasury.

As at the Latest Practicable Date, no Awards had been granted or agreed to be granted under the Scheme and the Company had no specific plan to make any grant to identified Grantees. The Company will comply with the announcement, approval and reporting requirements applicable to each subsequent grant, including grants to Directors, the chief executive, substantial Shareholders or their associates.

Acceptance and pricing

No consideration is payable for accepting an Award. Unless an Award Letter specifies otherwise, a Grantee has 30 Business Days from the Grant Date to accept in writing. Acceptance may be in whole or in part in a board lot or a multiple thereof; an unaccepted portion automatically lapses.

The Purchase Price of an RSU, if any, is determined by the Board and/or the Authorized Persons and stated in the Award Letter, having regard to the current closing price of H Shares, the purpose of the Scheme and the characteristics of the Grantee. The Scheme does not prescribe a fixed Purchase Price or discount for RSUs. Any issue of new H Shares must comply with applicable law, including restrictions on issue below nominal value.

The Exercise Price of a Share Option must be no less than the highest of (i) the nominal value of an H Share; (ii) the closing price quoted by the Stock Exchange on the Grant Date, which must be a Business Day; and (iii) the average closing price quoted for the five Business Days immediately preceding the Grant Date. The Exercise Period is determined and notified in the Award Letter and cannot extend beyond ten years from the Grant Date.

The Board considers that discretion over the Purchase Price allows an RSU to reflect the Grantee's contribution and the intended incentive or retention benefit, while the market-based minimum Exercise Price links the economic benefit of an option to future share price appreciation. Together with the vesting requirements and mandate and approval limits, these arrangements allow the Company to tailor remuneration without giving the Board unrestricted power to issue Shares.

Vesting period and shorter vesting arrangements

The Board may in respect of each Award and subject to all applicable laws, rules and regulations determine such vesting criteria and conditions or periods for vesting of the Award in its sole and absolute discretion. The relevant Vesting Date of any Award shall be set out in the Award Letter.

The Vesting Date in respect of any Awards to be satisfied by the issue of new H Shares shall be not less than 12 months from the Grant Date, provided that for Eligible Participants, the Vesting Date may be less than 12 months from the Grant Date (including on the Grant Date) in the following circumstances:

(a) make-whole awards for new employee participants replacing share awards forfeited on leaving a previous employer;

(b) grants to participants whose employment terminates due to death, disability or an event outside their control, where vesting may be accelerated;

(c) performance-based vesting conditions in lieu of time-based criteria, including achievement of a major strategic or financial target of the Company or delivery of results by the participant, where included in the relevant performance conditions;

(d) grants made in batches for administrative or compliance reasons, including awards that should have been granted earlier but were deferred to a later batch, with the shorter period reflecting the intended earlier grant time;

(e) grants with a mixed or accelerated vesting schedule, such as vesting evenly over 12 months; or

(f) grants with a combined vesting and holding period of more than 12 months.

The Board considers that these circumstances support the Scheme's purposes. Make-whole awards enable recruitment without requiring a new employee to forfeit the economic benefit of previous incentives. Acceleration on death, disability or events outside a participant's control accommodates exceptional personal circumstances. Performance-based vesting can reward the achievement of defined strategic, financial or individual results when that achievement is the relevant measure of contribution.

Batch grants may be delayed by regulatory reporting, Board or committee meeting schedules, reporting cycles or payroll and equity administration systems. Recognizing the intended earlier grant time avoids disadvantaging a participant for an administrative delay unrelated to performance. Mixed or accelerated schedules can maintain engagement over a full year and link a significant portion of the Award to product research and development progress or milestones. A combined vesting and holding period exceeding 12 months can retain an economic interest in the Company through phased vesting and continued holding or completion of a project.

The Remuneration and Appraisal Committee has considered the shorter vesting arrangements insofar as they relate to Directors and senior managers and concurs with the foregoing reasons. It considers those arrangements appropriate and consistent with the Scheme's purpose of attracting and retaining talent, rewarding contribution and aligning participants' interests with the long-term interests of the Company and Shareholders. Each shorter vesting arrangement will be limited to a circumstance specifically permitted by the Scheme and, for grants involving new H Shares or Treasury Shares, to employee participants within the meaning of Chapter 17.

The Scheme's 12-month period minimum does not expressly apply to Awards funded solely by existing H Shares purchased or acquired by the Trustee. Their vesting dates and conditions will be specified in the Award Letter. The terms relating to cessation of participation, including the particular treatment of work-related death and permanent incapacity, are summarized in paragraph 18 of Appendix II.

Performance targets

The Board may, in its sole and absolute discretion and subject to all applicable laws, rules and regulations, determine performance targets, criteria or conditions for the vesting of each Award. Any such requirements shall be set out in the relevant Award Letter; otherwise, none shall apply.

The Award Letter shall identify the person(s) of the Company or body responsible for assessing whether and to what extent such targets, criteria or conditions are satisfied.

Performance targets may combine qualitative and quantitative requirements, including an annual assessment of an Eligible Participant (e.g. skills, expertise, divisional key performance indicators and contribution to the Company) and/or Company performance (e.g. financial indicators and product, business and market capitalization milestones).

Before vesting, the Board or its designated body shall access performance against the pre-established targets and confirm the extent of satisfaction before vesting. If the Board determines that a specified target or other vesting condition has not been met, the relevant unvested Awards will automatically lapse.

The Board considers that a single set of targets would not appropriately reflect different roles, responsibilities and contributions. Grant-specific targets allow Awards to reward results relevant to the participant and the Group. In other cases, an Award may appropriately recognize past contribution or support retention, for which additional performance targets may not be suitable. The Board will consider the quality and contribution of the participant, the purpose of the grant and the other terms, including vesting and clawback, when deciding whether targets are appropriate. This discretion is intended to support the Scheme's incentive and retention purposes and remains subject to the applicable approval and disclosure requirements.

Where the Board determines that performance targets are appropriate, performance may be assessed at the Group, business unit, department, project team and/or individual Eligible Participant level. Performance targets may comprise threshold, target and/or stretch levels, having regard to the Group's business plans, budgets, strategic priorities, operational requirements and prevailing market conditions. The Board will determine the applicable performance period, target levels, assessment methodology and vesting consequences at the time of grant and specify these in the relevant Award Letter. Performance-related measures may include:

(i) in respect of Eligible Participants performing management functions, measures relating to the financial, operational and strategic performance of the Group or the relevant business unit, including revenue growth, profitability, cash flow, cost control, budget attainment, business development, implementation of strategic initiatives, risk management, compliance and achievement of key management objectives;

(ii) in respect of Eligible Participants performing sales and marketing functions, measures relating to sales and market development, including sales revenue or sales growth, achievement of sales targets, customer acquisition and retention, market expansion, gross profit margin, collection of trade receivables, completion of marketing initiatives and customer satisfaction; and

(iii) in respect of Eligible Participants performing production-related functions, measures relating to production and operational performance, including production volume, production efficiency, product yield, product quality, delivery timeliness, cost control, equipment utilisation, workplace safety, compliance with production standards and completion of operational improvement initiatives.

The Board may also take into account the individual performance appraisal results of the relevant Eligible Participant, including his or her contribution to the Group, level of responsibility, work quality, leadership, teamwork, innovation and compliance record.

These measures are indicative and non-exhaustive. The Board may adopt one or more of them or other performance-related measures, provided that the targets reflect the relevant Eligible Participant's role, responsibilities and expected contribution and are consistent with the purpose of the Scheme.

The Board considers that the above approach aligns with the purpose of the Scheme. By linking the vesting of Awards, where appropriate, to the performance of the Group, the relevant business unit, department or project team and/or the relevant Eligible Participant, the Scheme is intended to incentivise Eligible Participants to contribute to the Group's sustainable growth and long-term success. Where no performance targets are imposed, an Award may instead recognise past contribution and/or serve the Scheme's retention objective. This approach is intended to align the interests of Eligible Participants with those of the Company and its Shareholders.

Clawback

The Scheme includes a clawback mechanism for negligence, fraud or gross misconduct causing or reasonably likely to cause material reputational, financial or business harm, a material breach of the Scheme or an Award ceasing to be consistent with its purpose; an offence involving integrity or honesty; serious breaches of law, internal policies or agreements; professional misconduct, disclosure of confidential information, dereliction of duty, bribery, misappropriation, theft, fraud or breach of a non-compete undertaking; and circumstances where clawback is required by law or a regulator.

In those circumstances, the Board may cause granted but unexercised Awards to lapse, whether vested or unvested, and require the return of an equivalent number of H Shares already delivered, cash equal to their market value or the cash payment received, or a combination.

The Board considers that the clawback mechanism protects the Company from a participant retaining benefits where conduct undermines the contribution the Scheme is intended to reward. It reinforces the alignment of remuneration with the Company's interests and complements vesting conditions, performance assessment and the limits on grants.

Any grant to a Director or the chief executive without a performance target or without a clawback mechanism will be reviewed by the Remuneration and Appraisal Committee under the Scheme.

Individual limits and grants to connected persons

Where a grant funded by new H Shares or Treasury Shares would cause options and awards granted to an individual in the preceding 12 months (including that grant and excluding lapsed grants) to exceed 1% of the relevant class of issued Shares (excluding Treasury Shares), separate Shareholders' approval is required, with the participant and his or her close associates (or associates for a connected person) abstaining from voting.

Grants to a Director, the chief executive or a substantial Shareholder, or their respective associates, require independent non-executive Directors' approval. Further Shareholders' approval is required where grants of RSUs to a Director (other than an independent non-executive Director), the chief executive or their associates exceed 0.1% over the relevant 12-month period, or grants of options and awards to a substantial Shareholder or its associates exceed 0.1%, in each case calculated against the relevant class of Shares in issue excluding Treasury Shares. Grantees must in every case fall within the Scheme's Eligible Participant definition. Independent non-executive Directors are excluded from direct participation. Applicable additional approvals, voting abstentions and circular disclosures are set out in paragraph 8 of Appendix II.

Listing Rules implications and documents on display

Pursuant to Chapter 17 of the Listing Rules, the Scheme will constitute a share scheme of the Company involving the issue of new Shares and therefore the adoption of the Scheme is subject to the approval of the Shareholders. The terms of the Scheme are in accordance with the relevant requirements under Chapter 17 of the Listing Rules.

The above resolution has been approved by the Board and is hereby proposed at the EGM for Shareholders' consideration and approval as a special resolution.

A summary of the principal terms is set out in Appendix II. The full Scheme Rules will be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.laifual.com**) for not less than 14 days before the EGM and will be available for inspection at the EGM. A summary of the terms will be provided to participants on joining, a copy of the Scheme Rules will be provided on request and details of changes will be provided when they take effect.

D. Authorization to Administer and Implement the 2026 H Share Award Scheme

To facilitate implementation, it is submitted to the EGM to authorize the Board and/or the Authorized Persons, subject to the Scheme Rules, the Listing Rules and applicable laws, to interpret the Scheme; adopt administrative procedures; appoint Trustees and administrators and execute trust documents; select Eligible Participants and grant Awards; determine and administer their number, prices, vesting dates, targets, clawback and other conditions; issue Award Letters; determine and implement settlement; make permitted equitable adjustments; determine relevant commencement and termination dates; and undertake all necessary ancillary acts.

The authorization also covers the allotment and issue of H Shares or transfer of Treasury Shares within the approved Scheme Mandate Limit, the direction of Trustees to acquire, subscribe for, hold or transfer H Shares, and consequential amendments to registered capital and the Articles and the associated registrations and filings. It does not authorize a material alteration of the Scheme, an increase or refreshment of its limit, a change in the authority to alter its terms or a grant requiring separate approval without first obtaining the approvals required by the Scheme and the Listing Rules. A special resolution will be proposed at the EGM in relation to the authorization to administer and implement the 2026 H Share Award Scheme.

E. Proposed Amendments to the Articles of Association

The Board resolved to make certain housekeeping amendments to the Articles of Association to refine the drafting of certain provisions, update relevant cross-references and enhance clarity and internal consistency. Details of the Proposed Amendments to the Articles of Association are as follows:

Current Articles	Amended Articles
Article 3 The Company made an initial offering of 15,458,100 overseas listed foreign shares to the public (including 2,016,200 H Shares issued upon the exercise of the over-allotment option) upon completion of the filing procedures with the China Securities Regulatory Commission (the "**CSRC**") on May 19, 2026 and upon approval by The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for listing on the Main Board of the Hong Kong Stock Exchange on June 30, 2026.	Article 3 The Company has been approved to make an initial offering of 15,458,100 overseas listed foreign shares to the public (including 2,016,200 H Shares issued upon the exercise of the over-allotment option) upon completion of the filing procedures with the China Securities Regulatory Commission (the "**CSRC**") on May 19, 2026 and upon approval by The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for listing on the Main Board of the Hong Kong Stock Exchange on June 30, 2026.
Article 6 The registered capital of the Company is RMB105,414,987.	Article 6 The registered capital of the Company is RMB~~105,414,987~~104,135,187.

Current Articles	Amended Articles
Article 20 The total number of shares of the Company is 103,398,787 shares, and the share structure of the Company is as follows: the total number of issued ordinary shares is 103,398,787 shares, of which 13,441,900 ordinary shares are overseas listed shares, accounting for 13% of the Company's total ordinary shares in issue, and 89,956,887 ordinary shares are domestic shares, accounting for 87% of the Company's total ordinary shares in issue.	Article 20 The total number of shares of the Company is ~~103,398,787~~ 104,135,187 shares, and the share structure of the Company comprises ~~as follows: the total number of issued ordinary shares is 103,398,787~~104,135,187 shares, ~~of which 13,441,900 ordinary shares are overseas listed shares, accounting for 13% of the Company's total ordinary shares in issue, and 89,956,887 ordinary shares are domestic shares, accounting for 87% of the Company's total ordinary shares in issue~~ all of which were H Shares.
Article 115 The Company shall have a Board of Directors, which is accountable to the shareholders' meeting. The Board of Directors is composed of eleven directors, of which four are independent non-executive directors. The Board of Directors shall have one chairman, who shall be elected by a majority of all directors.	Article 115 The Company shall have a Board of Directors, which is accountable to the shareholders' meeting. The Board of Directors is composed of ~~eleven~~ ten directors, ~~of which four~~ at least one-third of whom are independent non-executive directors. The Board of Directors shall have one chairman, who shall be elected by a majority of all directors.
Article 218 The Articles of Association shall, as approved by the shareholders' meeting, take effect from the date of the Company's initial public offering of shares and listing and trading of such shares on the Main Board of the Hong Kong Stock Exchange, and shall be interpreted by the Board of Directors of the Company.	Article 218 The Articles of Association and any subsequent amendments thereto shall~~, as approved by the shareholders' meeting,~~ take effect ~~from the date of the Company's initial public offering of shares and listing and trading of such shares on the Main Board of the Hong Kong Stock Exchange, and shall be interpreted by the Board of Directors of the Company~~ on the date on which they are approved by resolution at the shareholders' general meeting.

The Proposed Amendments to the Articles of Association are subject to the approval by the Shareholders by way of a special resolution at the EGM and will come into effect after obtaining all necessary approvals, authorizations or registration (if applicable) from or filing with the relevant government or regulatory authorities. Save for the Proposed Amendments to the Articles of Association as set out above, other provisions of the Articles of Association shall remain unchanged.

The English version of the Articles of Association is an informal translation of the Chinese version. In case there is any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

The Company's legal advisers have confirmed that the Proposed Amendments to the Articles of Association comply with the requirements of the Listing Rules and PRC laws.

III. CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend the EGM, the record date for the purpose of ascertaining the eligibility of the Shareholders to attend and vote at the EGM is on Tuesday, 24 November 2026 and the H Shares register of members of the Company will be closed from Thursday, 19 November 2026 to Tuesday, 24 November 2026 (both dates inclusive), during which no transfer of H Shares will be effected. In order for holders of H Shares to be eligible to attend and vote at the EGM, all share transfer documents, accompanied by the relevant share certificates, must be lodged with the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, 18 November 2026. Shareholders whose names appear on the Company's register of members on Tuesday, 24 November 2026 are entitled to attend and vote at the EGM.

IV. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The EGM will be held at Conference Room No. 6, Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, PRC on Tuesday, 24 November 2026 at 9:30 a.m.. The notice of the EGM is set out at the end of this circular.

A form of proxy for use at the EGM is enclosed with this circular and available at the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.laifual.com**). Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the form of proxy to the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 24 hours before the time appointed for holding the EGM (i.e. 9:30 a.m. on Monday, 23 November 2026 (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should the Shareholder so wish at that time.

All resolutions will be voted on by poll in accordance with Rule 13.39(4) of the Listing Rules. On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he or she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way. The poll results will be published by the Company in accordance with Rule 13.39(5). Treasury Shares, if any and registered under the name of the Company, shall have no voting rights at the general meeting(s) of the Company. For the avoidance of doubt, solely from the perspective of the Listing Rules, the Company shall, upon depositing any Treasury Shares in the CCASS, abstain from voting at any of its general meeting(s) in relation to those shares. As at the Latest Practicable Date, no Treasury Shares were held by the Company, and no treasury shares were repurchased but pending cancellation.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, and no Shareholder is required to abstain from voting at the EGM.

V. RECOMMENDATION

The Directors consider that the resolutions set out in the notice of the EGM are in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions set out in the notice of the EGM, subject to any applicable voting abstention requirements.

VI. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, 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.

By Order of the Board
Zhejiang Laifual Drive Co., Ltd.
Mr. Zhang Jie
Chairman of the Board and Executive Director

The following explanatory statement contains the information required under the Listing Rules to enable Shareholders to make an informed decision on the special resolution to grant the Repurchase Mandate.

1. SHARE CAPITAL AND MAXIMUM NUMBER OF H SHARES TO BE REPURCHASED

As at the Latest Practicable Date, the registered share capital of the Company was RMB104,135,187, comprising 104,135,187 H Shares of RMB1.00 each. The Company had no Unlisted Shares and held no Treasury Shares.

Subject to the passing of the relevant special resolution and assuming no change in the number of H Shares in issue or Treasury Shares between the Latest Practicable Date and the date of the EGM, the Directors will be authorized to repurchase up to 10,413,518 H Shares, representing 10% of the H Shares in issue (excluding Treasury Shares) at the date of the EGM.

2. REASONS FOR REPURCHASE

The Directors believe that granting the Repurchase Mandate is in the interests of the Company and Shareholders. Depending on market conditions and funding arrangements at the time, repurchases may enhance net asset value per Share and/or earnings per Share. Repurchases will be made only when the Directors consider them beneficial to the Company and Shareholders as a whole.

3. FUNDING OF REPURCHASES

Repurchases will be funded from the Company's internal resources comprising funds legally available for the purpose in accordance with the Articles, PRC laws and any other applicable laws, as the case may be. In accordance with the laws of the PRC or administrative regulations and subject to the approval of relevant authority, the Company is entitled by its Articles of Association to repurchase H Shares. The Company shall not repurchase H Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. IMPACT OF REPURCHASES AND TREATMENT OF REPURCHASED H SHARES

The Directors are of the view that, in the light of the financial position disclosed in the most recently published audited accounts of the Company for the year ended December 31, 2025 in the Prospectus, there will not be any material adverse impact on the Company's working capital or gearing levels in the event of the exercise of the Repurchase Mandate in full at any time in the period from the date of which the Repurchase Mandate is approved to the date of which such Repurchase Mandate expires. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors in due course with the circumstances then prevailing considered and in the best interests of the Company.

Subject to applicable PRC laws, the Articles and the Listing Rules, the Company intends to cancel repurchased H Shares and/or hold them as Treasury Shares, depending on market conditions and capital management needs at the time. Treasury Shares may subsequently be sold or transferred where permitted, including to satisfy Awards under the Scheme in compliance with Chapter 17. The Company will appropriately identify and segregate Treasury Shares and comply with the applicable restrictions and reporting requirements for repurchases and subsequent issues or transfers.

For Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company will procure that its broker gives no instruction to HKSCC to vote those Shares at general meetings. Before a record date for dividends or distributions, it will withdraw those Shares from CCASS and re-register them in its own name as Treasury Shares or cancel them, or take other measures to ensure that it does not exercise rights or receive entitlements suspended by applicable law while the Shares are held in treasury.

5. MARKET PRICES OF H SHARES

The highest and lowest prices at which the H Shares traded on the Stock Exchange during each month from the Listing Date, 30 June 2026, to the Latest Practicable Date are set out below. The H Shares were not listed before the Listing Date.

Month	**Highest**	**Lowest**
	HK$	*HK$*
June 2026 (from the Listing Date)	98.60	73.00
July 2026	119.60	48.20
August 2026	73.50	56.65
September 2026	62.80	42.60
October 2026 (up to the Latest Practicable Date)	44.92	26.20

6. GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or their respective close associates has any present intention to sell H Shares to the Company if the Repurchase Mandate is approved.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company, if the Repurchase Mandate is approved.

The Directors will exercise the Company's power to repurchase H Shares under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the PRC. Neither this explanatory statement nor the proposed repurchase has any unusual features.

7. TAKEOVERS CODE AND PUBLIC FLOAT

An increase in a Shareholder's proportionate voting interest resulting from repurchase of H Shares pursuant to Repurchase Mandate is treated as an acquisition of voting rights for the purposes of the Takeovers Code. Depending on the increase, a Shareholder or group acting in concert may obtain or consolidate control and become obliged to make a mandatory general offer under Rule 26 of the Takeovers Code.

The Board is not aware that any repurchases to be made under the general mandate to repurchase H Shares will incur any consequences which will arise under the Takeovers Code and/or any similar applicable law. Moreover, the Board will not make H Shares repurchase on the Stock Exchange under the general mandate to repurchase H Shares if the repurchase will result in the total number of H Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange

8. REPURCHASES DURING THE PRECEDING SIX MONTHS

The Company has not repurchased any Shares, whether on the Stock Exchange or otherwise, during the six months immediately preceding the Latest Practicable Date. The stabilizing purchases disclosed in connection with the Global Offering were undertaken by the stabilizing manager or persons acting for it and do not, solely by reason of being stabilizing purchases, constitute repurchases by the Company.

The following summarizes the principal terms of the 2026 H Share Award Scheme proposed for adoption at the EGM. It does not form part of, nor is it intended to be part of the terms of the 2026 H Share Award Scheme. The Directors reserve the right at any time prior to the EGM to make such amendments to the 2026 H Share Award 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

The Scheme is intended (i) to provide a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to Eligible Participants; (ii) to align their interests with those of the Company and Shareholders by giving them the opportunity to acquire proprietary interests in the Company and become Shareholders; and (iii) to encourage their contribution to the Company's long-term growth, performance and profits and enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

2. TYPES OF AWARDS AND SOURCE OF AWARD SHARES

An Award may take the form of a Share Option, an RSU or a combination of both, as determined by the Board. A Share Option is a right to acquire the specified number of H Shares during the Exercise Period at the Exercise Price. An RSU is a conditional award of the specified number of H Shares, subject to the Scheme and the conditions in the Award Letter, including any Purchase Price.

Award Shares may be satisfied by new H Shares allotted and issued by the Company, the transfer of Treasury Shares, or existing H Shares purchased or acquired on-market or off-market by a Trustee under a Trust. The Board determines the source and the settlement method in its discretion, subject to the Scheme, applicable laws and the Listing Rules. Settlement may also be made in cash or a combination of methods as described in paragraph 13 below.

3. CONDITIONS AND LIFE OF THE SCHEME

The Scheme becomes effective when Shareholders have approved its adoption and the Listing Committee has granted approval for the listing of, and permission to deal in, the new H Shares to be allotted and issued pursuant to Awards. Its life is ten years commencing on the Adoption Date and ending on its tenth anniversary, unless terminated earlier. An Award involving new H Shares is also conditional on the applicable listing approval and any other conditions considered necessary or appropriate by the Board.

4. ELIGIBLE PARTICIPANTS AND DETERMINATION OF ELIGIBILITY

Eligible Participants are persons who are employees (full-time or part-time), directors (excluding independent non-executive Directors) or officers of a member of the Group on the Grant Date. The Board determines eligibility from time to time by reference to the participant's contribution to the development and growth of the Group, taking into account educational background, professional experience, qualifications, skills, knowledge, length of service, job position, job duties, contribution and performance evaluation results.

A person is excluded if he or she resides in a place where the grant, acceptance or exercise of an Award is prohibited by or contrary to local laws or regulations, or where the Board considers that compliance with applicable laws makes exclusion necessary or expedient. The Scheme does not establish categories for related entity participants or service providers and does not provide for a service provider sublimit. The further disqualifications and grant restrictions in paragraph 9 also apply.

5. SCHEME MANDATE LIMIT AND REFRESHMENT

Initial Limit and Utilization

The proposed Scheme Mandate Limit is 10,413,518 H Shares, representing approximately 10% of the 104,135,187 H Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date, assuming no change before the Adoption Date. In any event, the aggregate number of new H Shares issued and Treasury Shares transferred in respect of all options and awards to be granted under the Scheme and any other share schemes must not exceed 10% of the relevant class of Shares in issue excluding Treasury Shares on the Adoption Date.

Awards that lapse in accordance with the Scheme Rules or the terms of another scheme do not count towards utilized mandate. Cancelled Awards count as utilized. Awards satisfied entirely by existing H Shares purchased or acquired on-market or off-market by the Trustee do not count towards the limit. Treasury Shares are treated as new Shares and are not covered by that exclusion.

Refreshment

The Company may seek Shareholders' approval to refresh the limit after three years from the Adoption Date or the previous Shareholders' approval of a refreshment. A refreshment within a three-year period requires approval with controlling shareholders and their associates, or, if there is no controlling shareholder, Directors other than independent non-executive Directors, the chief executive and their respective associates, abstaining from voting in favour. The Company must also comply with Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The aggregate number available under a refreshed mandate for all relevant schemes must not exceed 10% of the relevant class of Shares in issue excluding Treasury Shares at the date of approval. Previously granted Awards do not count towards the refreshed mandate; the Company's circular must disclose previous utilization and the reason for refreshment as required by the Listing Rules.

Grants beyond the Limit

The Company may seek separate Shareholders' approval for grants beyond the limit to Eligible Participants specifically identified before approval is sought. The number and terms of the proposed Awards must be fixed in advance. The circular must identify the participants, describe the proposed grants and explain their purpose and how their terms serve that purpose, in accordance with the Listing Rules. For a Share Option, the date of the Board meeting proposing the grant is the grant date for determining the Exercise Price for this purpose.

6. ADMINISTRATION

The Board is responsible for administering the Scheme and may delegate its authority, including the power to grant Awards and determine their terms, to a committee or other persons it considers appropriate. It may revoke delegation at any time. The decisions of a duly appointed committee or Authorized Person are binding, but the Board's decision prevails in the event of disagreement or ambiguity. The Board may appoint independent third-party administrators and determine their functions, tenure, terms and remuneration.

Subject to the Scheme and applicable laws, the Board and/or Authorized Persons may:

(a) interpret the Scheme and Awards, and make or vary administrative arrangements, guidelines, procedures and regulations consistent with the Scheme;

(b) appoint qualified Trustees, execute trust instruments, issue new H Shares and direct Trustees to subscribe for H Shares for participants;

(c) select Eligible Participants and determine the nature and number of Awards, Purchase Prices, Exercise Prices, vesting dates, vesting criteria, performance targets, clawback arrangements and other conditions;

(d) approve Award Letters, determine settlement methods and make permitted equitable adjustments to Awards;

(e) determine relevant commencement and termination dates by reference to a Grantee's employment; and

(f) following allotment and issue of H Shares, increase registered capital, make consequential amendments to the Articles and complete registrations, and take other steps necessary or prudent to implement the Scheme.

The Company must comply with the Shareholders' approval, announcement, circular and reporting requirements of the Listing Rules. The Scheme provides protection for Directors and Authorized Persons in respect of administration undertaken in good faith and an indemnity against associated costs or liability, excluding their own wilful default, fraud or bad faith.

7. IMPLEMENTATION THROUGH TRUSTS

The Company may establish one or more Trusts and appoint professional Trustees to hold Award Shares reserved for specified Eligible Participants, settle Awards and assist with administration and implementation. The Board will normally act for the Company in instructing the Trustee, unless the Company and Trustee agree otherwise.

The trust deed or other governing or custody arrangements may address notices of grants, vesting, exercise, cancellation or lapse; acquisition or subscription of H Shares; voting, dividends, distributions and other rights associated with vested Award Shares; holding and transfer of H Shares; and holding and transfer of income or proceeds arising from those Shares.

A Trustee holding unvested H Shares, directly or indirectly, must abstain from voting on matters requiring Shareholders' approval under the Listing Rules, unless required by law to vote in accordance with a direction of the beneficial owner and such direction is given.

8. GRANT OF AWARDS AND ADDITIONAL APPROVALS

The Board may during the Scheme Period select an Eligible Participant and grant an Award of the nature and amount it determines, subject to the Scheme. Grants funded by new H Shares, including Treasury Shares, are subject to the following approval limits.

Individual limit

If a grant would cause the aggregate H Shares issued and to be issued in respect of all options and awards granted to the participant in the 12 months up to and including that grant, excluding grants that have lapsed in accordance with their terms, to exceed 1% of the relevant class of issued Shares excluding Treasury Shares, the grant requires separate Shareholders' approval. The participant and his or her close associates, or associates if the participant is connected, must abstain from voting. The identity of the participant, the number and terms of the current and previous grants in that period, the purpose of the grant and how the terms serve that purpose must be disclosed in the circular required by the Listing Rules. The grant terms must be fixed before approval is sought. For Share Options, the date of the Board meeting proposing the grant is used for calculating the Exercise Price.

Directors, chief executive and substantial Shareholders

A grant to a Director, the chief executive, a substantial Shareholder or any of their respective associates requires prior approval by the Board and/or Authorized Persons, excluding a proposed recipient, and the independent non-executive Directors. A grant to a Director or the chief executive with no performance target or no clawback mechanism must also be reviewed by the Remuneration and Appraisal Committee as to why the term is appropriate and how the grant aligns with the Scheme's purpose. The additional Listing Rule requirements for Directors and senior managers described in the Letter from the Board also apply.

Separate Shareholders' approval is required if:

(a) a grant of RSUs, excluding Share Options, to a Director other than an independent non-executive Director, the chief executive or any of their associates would cause Shares issued and to be issued under all awards granted to that person during the 12-month period up to and including the grant, excluding lapsed awards, to exceed 0.1% of the relevant class of Shares in issue excluding Treasury Shares; or

(b) a grant of Share Options or RSUs to a substantial Shareholder or its associates would cause Shares issued and to be issued under all options and awards granted to that person over the same period, excluding lapsed grants, to exceed 0.1% of the relevant class of Shares in issue excluding Treasury Shares.

Such further grant of Awards must be approved by the Shareholders in general meeting in the manner required by, and subject to the requirements set out in, the Listing Rules, and such Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour of the relevant resolution at such general meeting.

9. RESTRICTIONS ON GRANTS AND PURCHASE INSTRUCTIONS

No Award may be granted and no instruction to purchase H Shares may be given to the Trustee:

(a) in circumstances prohibited by the Listing Rules or when the participant is prohibited from dealing by applicable law, rules or regulations, including the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules;

(b) after inside information has come to the Company's knowledge until, and including, the trading day after it is announced; or

(c) during the 30 days immediately before the earlier of the Board meeting to approve results (as first notified to the Stock Exchange) and the applicable results announcement deadline, through the date of the results announcement, including any delay in publication, for annual, half-year, quarterly or other interim results as provided in the Scheme.

No grant may be made if it requires a member of the Group to issue a prospectus or other offer document, would breach applicable law, regulations, codes or the Articles, or lacks a requisite regulatory approval. No grant may breach the Scheme Mandate Limit or be made to a connected person without a required specific Shareholders' approval. To the extent permitted by applicable laws and the Listing Rules, a grant may be conditional on the relevant approval or refreshment being obtained.

The Scheme further prohibits grants where the certified public accountant has issued an adverse opinion or disclaimer on the Company's latest annual financial and accounting report, or the CSRC has imposed an administrative penalty on the Company for a material violation during the latest year. A Grantee is disqualified in the circumstances specified in the Scheme, including public censure or a finding of unsuitability by the CSRC or Stock Exchange within the preceding three years; material violations, related administrative penalties or market access prohibitions during that period; disqualification from acting as a director, supervisor or senior officer under the Company Law; or other regulatory prohibitions on participation.

10. AWARD LETTER AND ACCEPTANCE

On the Grant Date, which must be a Business Day, the Company will issue an Award Letter setting out the terms and conditions, including, as applicable, the number of Award Shares, Purchase Price or Exercise Price, vesting criteria and conditions, vesting dates, performance targets, if any and other details determined by the Board. The Grantee must undertake to hold the Award on those terms and be bound by the Scheme.

The Scheme permits specified provisions on acceptance, settlement, taxation, clawback, disqualification and notices to be modified to the extent stated in the Award Letter. Those modifications remain subject to applicable laws, Listing Rules and the approval requirements for alterations.

No consideration is payable on acceptance. Unless otherwise specified in the Award Letter, a Grantee has 30 Business Days from the Grant Date to give written acceptance to the Board. An Award may be accepted in whole or part, in a board lot for dealing in H Shares or a multiple thereof. Any portion not accepted within the prescribed time and manner is deemed irrevocably declined and automatically lapses.

11. PURCHASE PRICE AND EXERCISE PRICE

For RSUs, the Board and/or Authorized Persons determine the Purchase Price, if any, in their discretion and notify it in the Award Letter, having regard to the current closing price of H Shares, the Scheme's purpose and the characteristics of the Grantee. There is no fixed Purchase Price or discount prescribed for all RSUs. New Shares must be issued in compliance with applicable law and the Articles.

For Share Options, the Exercise Price is determined and notified in the Award Letter but must be no less than the highest of (i) the nominal value of an H Share; (ii) the closing price of H Shares stated in the Stock Exchange's daily quotations sheet on the Grant Date; and (iii) the average closing price stated in the daily quotations sheets for the five Business Days immediately preceding the Grant Date.

12. VESTING AND PERFORMANCE TARGETS

Vesting Periods

The Board determines the vesting criteria, conditions and periods for each Award and specifies the vesting dates in the Award Letter. For Awards satisfied by new H Shares or Treasury Shares, the vesting date must normally be at least 12 months from the Grant Date. Subject to the Listing Rules, a shorter period, including vesting on the Grant Date, is permitted for Eligible Participants in the following circumstances:

(a) make-whole share awards to new employee participants replacing share awards forfeited on leaving their previous employer;

(b) grants where employment terminates due to death, disability or an event outside the participant's control and vesting is accelerated in the Board's discretion;

(c) performance-based conditions in place of time-based criteria, including achievement of a major strategic or financial target of the Company included in the participant's conditions or delivery of results satisfying the participant's conditions;

(d) grants made in batches during a year for administrative or compliance reasons, including awards intended for an earlier batch, with a shorter period reflecting when they would otherwise have been granted. Examples include regulatory reporting in batches, Board and committee meeting schedules, alignment with financial reporting cycles and payroll or equity administration systems processing consolidated batches;

(e) a mixed or accelerated vesting schedule, such as even vesting over 12 months, including monthly vesting maintaining engagement over a full year and a significant portion linked to research and development progress or a milestone; or

(f) a combined vesting and holding period exceeding 12 months, including phased vesting supporting long-term service and a significant portion linked to completion of a project or milestone.

If a vesting date is not a Business Day, it is deemed to be the next Business Day, subject to a trading halt or suspension. The Scheme's 12-month period minimum does not expressly apply to Awards funded solely by existing H Shares purchased or acquired by the Trustee.

Performance Targets and Assessment

The Board may, in its sole and absolute discretion and subject to all applicable laws, rules and regulations, determine performance targets, criteria or conditions for the vesting of each Award. Any such requirements shall be set out in the relevant Award Letter; otherwise, none shall apply.

The Award Letter shall identify the person(s) of the Company or body responsible for assessing whether and to what extent such targets, criteria or conditions are satisfied.

Performance targets may combine qualitative and quantitative requirements, including an annual assessment of an Eligible Participant (e.g., skills, expertise, divisional key performance indicators and contribution to the Company) and/or Company performance (e.g., financial indicators and product, business and market capitalization milestones).

13. EXERCISE AND SETTLEMENT

Exercise of Share Options

The Exercise Period is determined by the Board and stated in the Award Letter but must not extend beyond ten years from the Grant Date. An unexercised Share Option automatically lapses on expiry of that period and in any event on the tenth anniversary of the Grant Date.

A vested Share Option may be exercised in whole or part on or after its vesting date by written notice to the Company in the prescribed form specifying the number of H Shares. The notice must be accompanied by payment equal to the Exercise Price multiplied by that number. Payment may be in cash, by permitted non-cash means including instructions to the Trustee, or a combination. Subject to the Scheme's document and settlement requirements, the Company will arrange settlement within 20 Business Days after receipt of the notice and payment.

Vesting of RSUs

Before a vesting date, the Board will instruct the Trustee to issue a notice confirming satisfaction of vesting conditions, the vesting date, payment of any Purchase Price and the settlement method. The Grantee must confirm vesting in the required manner and pay any Purchase Price multiplied by the number of underlying H Shares. Payment may be in cash, by non-cash means or a combination.

Upon receipt of the necessary confirmations, the Trustee will arrange transfer to the Grantee or, with Board approval, an entity controlled by and established for the Grantee's benefit. The Board may require executed transfer or other documents within a specified period. Failure to return them causes the Award to lapse unless the Board determines otherwise, subject to the specific document requirements below.

Ranking of H Shares

Award Shares are identical to the other issued H Shares. New H Shares will be allotted and issued subject to the Articles and rank equally with fully paid H Shares in issue when the Grantee is entered in the register of members, or, if it is closed, on its first reopening. The Grantee is not entitled to voting rights or dividends or distributions, including on liquidation, attributable to a record date before that registration.

14. COSTS, TAXATION AND PAYMENTS

Direct costs and expenses of vesting and issuing Award Shares under Rule 12.7(a) are borne by the Company. Stamp duty, Taxes, trading fees and other direct costs and expenses of the sale of Award Shares and cash settlement under Rule 12.7(c) are borne by the Grantee and deducted from the amount payable.

All taxes, duties, social security contributions, charges and other levies arising from participation or receipt of Shares or cash are borne by the Grantee. The Grantee indemnifies the Group, Trustee and designated third parties in respect of those liabilities, including withholding obligations. Subject to applicable law, the Company or designated third party may withhold sufficient Shares or cash, sell Shares on the Grantee's behalf, deduct amounts from Scheme payments or other sums due including salary, or require a cash remittance or other satisfactory payment arrangements. The Company need not issue Shares or pay proceeds until satisfied that the Grantee's tax obligations have been met.

There is no acceptance payment under the Scheme. The Exercise Price is payable with the exercise notice and any Purchase Price is payable as part of RSU settlement as described above. The Scheme does not specify a participant loan facility. Any separate financial assistance arrangement would be subject to applicable law and the relevant Listing Rule approval and disclosure requirements.

15. RIGHTS AND TRANSFER RESTRICTIONS

Awards themselves confer no voting, dividend, transfer or other shareholder rights, including on liquidation. A Grantee has no right to cash or non-cash income, dividends, distributions or proceeds of non-cash or non-scrip distributions from the underlying H Shares before delivery pursuant to vesting and exercise. Upon delivery, the Grantee becomes entitled to the corresponding rights in the Shares, subject to the Scheme, the Articles and any valid additional restrictions.

Awards are personal and may not be assigned or transferred unless the Company gives written consent and the Stock Exchange grants the required waiver in accordance with the Listing Rules. A permitted transferee must be bound by the Scheme and Award Letter as if it were the Grantee. A breach of this restriction causes the outstanding Award to lapse, and the Board's determination of a breach is conclusive. The Board may attach additional restrictions in an Award Letter, including contractual restrictions on voting or transfer of Award Shares after vesting.

16. CANCELLATION AND BUYOUT

The Board may cancel an Award not yet delivered or exercised with the Grantee's prior consent. It may also determine to buy out an Award at a price and on terms it considers fair and communicates to the Grantee, following which the purchased Award is cancelled.

A new Award to the same Grantee following cancellation may be made only within an available Scheme Mandate Limit and in compliance with the Scheme. Cancelled Awards remain counted as utilized mandate; cancellation does not restore grant capacity.

17. LAPSE OF AWARDS

Without prejudice to additional lapse events in an Award Letter, an Award, to the extent not already vested and exercised, automatically lapses on the earliest of:

(a) expiry of its Exercise Period;

(b) the Board's determination to apply clawback under Rule 17 of the Scheme;

(c) expiry of the acceptance period;

(d) expiry of an exercise period applicable on cessation of eligibility under Rule 18 of the Scheme;

(e) breach of the transfer restrictions;

(f) the Grantee's written notice of forfeiture to the Board; and

(g) the Board's determination that a specified performance target has not been achieved.

The additional lapse consequences for failure to satisfy vesting conditions or provide settlement documents also apply. The Board determines whether an Award has lapsed and its decision is binding. No compensation is payable by the Company for lapse under the Scheme.

18. CESSATION OF ELIGIBILITY

Work-related death or permanent incapacity

Where a Grantee ceases to be eligible due to work-related death or termination of employment or contractual engagement due to work-related permanent physical or mental incapacity, the Scheme provides the following treatment, subject to the Board's discretion described below:

(a) granted but unexercised Share Options may be exercised within the Exercise Period by the Grantee's legal personal representatives or, where the Grantee lacks legal capacity, the persons legally charged with representing the Grantee. Unexercised options lapse at the end of that period. Performance assessment indicators attached to those options cease to be conditions of vesting or exercise;

(b) outstanding unvested RSUs immediately vest and attached performance indicators cease to apply. The relevant benefit is delivered as soon as practicable to the legal personal representatives or persons legally charged with representing the Grantee. If the benefit would otherwise become bona vacantia, it is forfeited and lapses; and

(c) the Board may determine that outstanding Share Options and RSUs are subject to accelerated vesting or become immediately exercisable, or continue to vest or become exercisable under the original schedule or Exercise Period.

Other reasons

Unless the Board determines otherwise, where a Grantee ceases to be eligible or the employment or contractual engagement ends for reasons other than the clawback or work-related circumstances above, including negotiated departure, retirement, dismissal or non-work-related death or permanent incapacity, or where the engagement is suspended or the position vacated for more than six months:

(a) vested Share Options may be exercised within one month of cessation or the remaining Exercise Period, whichever is shorter, or such other period as the Board determines. An option not exercised within that time lapses; and

(b) outstanding unvested Awards are immediately forfeited and lapse unless the Board determines otherwise.

The relevant Award Letter may modify the Scheme's disqualification provisions to the extent permitted by the Scheme and the Listing Rules.

19. CLAWBACK

The Board may exercise clawback where:

(a) it reasonably considers that negligence, fraud or gross misconduct by the Grantee has caused or is reasonably likely to cause material reputational damage to a Group member, a material adverse effect on its financial condition, business opportunities, ongoing performance or profitability prospects, a material breach of the Scheme, or the Award ceasing to be appropriate and consistent with the Scheme's purposes;

(b) the Grantee is charged with, sanctioned for or convicted of an offence involving integrity or honesty;

(c) the Grantee commits a serious breach of applicable law, regulation, internal policy, guideline, code or agreement with a Group member;

(d) the Grantee commits professional misconduct, discloses confidential information, is guilty of dereliction of duty, bribery or solicitation, misappropriation, theft or fraud, breaches a non-compete undertaking or otherwise acts against the Group's interests; or

(e) clawback is required by applicable law or regulation or at the request of a regulatory authority, including the Stock Exchange.

The Board may determine that granted but unexercised Awards immediately lapse, whether vested or unvested. For H Shares or cash already delivered, it may require the Grantee to return an equivalent number of H Shares, cash equal to the market value of those H Shares or the cash payment, or a combination, to the Company or its nominee.

20. ALTERATIONS IN SHARE CAPITAL

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue subdivision or consolidation of H Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of H Shares as consideration in a transaction to which the Company is a party) after the Adoption Date, the Board shall make such corresponding adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change with respect to:

(a) the number of H Shares subject to any Share Option or RSUs granted under the Scheme (to the extent such Share Options remain unexercised or such RSUs remain unvested and the underlying H Shares have not been issued);

(b) the Exercise Price of any Share Option or Purchase Price of any RSUs, provided that: any adjustments must give each Grantee the same proportion of the equity capital, rounded to the nearest whole Share, as that to which that Grantee was previously entitled but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value. The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalization issue, an independent financial adviser or the Auditors of the Company must confirm to the Directors in writing that the adjustments are in compliance with the requirements of the Listing Rules in respect of the adjustable number of Awards, exercise price or purchase price.

21. CORPORATE TRANSACTIONS

If there is an event of change in control of the Company as the result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Board shall at its sole discretion determine whether the vesting conditions or criteria of any Awards will be amended or waived, and notify the Grantees accordingly. Any amendment or waiver of the vesting conditions or vesting criteria of any Awards shall be subject to, and carried out in compliance with, the applicable requirements of Chapter 17 of the Listing Rules, including note 2 to Rule 17.03(18), and any applicable approval, disclosure and/or consent requirements. Control has the meaning given in the Takeovers Code. The exercise of discretion remains subject to applicable laws and the Listing Rules.

22. AMENDMENT OF THE SCHEME OR AWARDS

The Board may amend the Scheme or an Award, subject to the following requirements and Listing Rules:

(a) any material alteration to the terms and conditions of the Scheme, or an alteration to a provision relating to a matter in Rule 17.03 of the Listing Rules to participants' advantage, must be approved by Shareholders in general meeting;

(b) any change to the authority of the Board or Authorized Persons to alter the Scheme must be approved by Shareholders;

(c) changes to an Award must be approved by the Board, Remuneration and Appraisal Committee, independent non-executive Directors and/or Shareholders, as applicable, if the initial grant was approved by that body, unless the alteration takes effect automatically under existing terms; and

(d) the amended Scheme and Award terms must comply with Chapter 17 of the Listing Rules.

A Grantee's consent is required to an amendment materially adversely affecting subsisting rights in an Award that has not vested, lapsed or been forfeited. Consent is not required if the Board determines the amendment necessary or advisable for compliance with law, the Listing Rules or an accounting standard, or considers it not reasonably likely materially to diminish benefits, or that any diminution has been adequately compensated. Any change to the terms of Awards granted to a Grantee must be approved by the Board, the Remuneration and Appraisal Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of such Award was approved by the Board, the Remuneration and Appraisal Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Scheme. The Board determines disputes relating to the Scheme and its decision is final and binding under the Scheme.

23. TERMINATION

The Scheme terminates on the earlier of expiry of its ten-year period and an earlier date determined by the Board. No further Awards may then be offered or granted. The Scheme nevertheless continues to the extent necessary to give effect to the vesting and exercise of Awards granted before termination and does not prejudice subsisting rights. Awards granted during its life that comply with Chapter 17 of the Listing Rules and remain unexercised and unexpired continue according to their terms.

24. OTHER PRINCIPAL PROVISIONS

The Scheme and Awards are governed by Hong Kong law and operate subject to the Articles and applicable laws and regulations. All issues of H Shares require the necessary consents under the relevant legislation and Listing Rules. Participation does not form part of an employment or engagement contract or confer additional compensation rights on termination. Grantees are responsible for their necessary governmental or other consents and their taxes and must indemnify the relevant Group members as provided in the Scheme.

Except where expressly provided, third parties have no right to enforce the Scheme under the Contracts (Rights of Third Parties) Ordinance. Invalid provisions are severable. By accepting an Award, a Grantee consents to the processing and transfer of personal information for administration, including disclosure to the Group, Trustees, registrars, brokers, administrators and relevant transaction counterparties, and to disclosures required by the Listing Rules. Grantees may request access to, and correction of, their personal data in accordance with the Scheme.

Notices may be delivered personally or by prepaid post to the notified addresses, and the Company may use electronic means. Subject to the Award Letter, a posted notice is deemed served 24 hours after posting, an electronic notice on the following day and a personally delivered notice on delivery. A notice sent by a Grantee is irrevocable and effective only when actually received by the Company.

Zhejiang Laifual Drive Co., Ltd.
浙江來福諧波傳動股份有限公司

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

(Stock Code: 03952)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Zhejiang Laifual Drive Co., Ltd.(浙江來福諧波傳動股份有限公司)(the "**Company**") will be held at Conference Room No. 6, Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, PRC on Tuesday, 24 November 2026 at 9:30 a.m. to consider and, if thought fit, pass the following resolutions as special resolutions. Unless otherwise defined, capitalized terms have the meanings given in the circular of the Company dated 4 November 2026 (the "**Circular**").

SPECIAL RESOLUTIONS

1. To consider and approve the grant of General Mandate to the Board of the Company to issue H Shares.

2. To consider and approve the grant of Repurchase Mandate to the Board of the Company to repurchase H Shares.

3. To consider and approve the adoption of the 2026 H Share Award Scheme.

4. To consider and approve the Scheme Mandate Limit of the H Share Award Scheme.

5. To consider and approve the authorization to the Board and its authorized persons to handle matters relating to the 2026 H Share Award Scheme.

6. To consider and approve the Proposed Amendments to the Articles of Association.

By Order of the Board
Zhejiang Laifual Drive Co., Ltd.
Mr. Zhang Jie
Chairman of the Board and Executive Director

Hong Kong, 4 November 2026

Notes:

1. For details of the matters to be considered at the EGM, please refer to the Circular. Unless the context otherwise requires, terms used in this notice have the meanings given in the Circular.

2. For determining the entitlement to attend and vote at the EGM, the register of members of H Shares of the Company will be closed from Thursday, 19 November to Tuesday, 24 November 2026, both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, 18 November 2026.

3. H Share Shareholders who have the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a Shareholder) to attend and vote on his/her/its behalf. For those Shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll.

4. In order to be valid, the proxy form must be completed and signed in accordance with the instructions printed thereon and return it to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM for the H Share Shareholders.

5. If a proxy is appointed to attend the EGM on behalf of a Shareholder, the proxy must produce a proxy form which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized. The proxy form shall specify the number of shares represented by the proxy of the Shareholder. Where a Shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy.

6. All persons who are registered holders of shares of the Company at the close of business (Hong Kong time) on Tuesday, 24 November 2026 will be entitled to attend and vote at the meeting.

7. References to time and dates in this notice are to Hong Kong time and dates.

8. Pursuant to Rule 13.39(4) of the Listing Rules, the resolutions set out in this notice will be decided by poll at the EGM.

9. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

As of the date of this notice, the Board comprises: (i) Mr. Zhang Jie, Mr. Wu Di, Ms. Wang Haiying and Mr. Zhang Han as executive Directors; (ii) Mr. Cui Zhiyuan and Mr. Li Chengsheng as non-executive Directors; and (iii) Mr. Feng Yun, Dr. Li Jun, Mr. Lou Yu and Ms. Tian Chunshan as independent non-executive Directors.