

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in “Glossary of Technical Terms” in this Document.

“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as included in Appendix I
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix III to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
	[REDACTED]
“Carraro Group”	Carraro S.p.A. and its subsidiaries from time to time
“Carraro International”	Carraro International S.E. (formerly known as Carraro International S.A.), an entity incorporated in Luxembourg as a <i>société anonyme</i> on February 10, 1999 (and transformed into an European company on December 21, 2017) which is governed by the laws of Italy and directly wholly-owned by Carraro S.p.A. as of the date of this Document, and one of our Controlling Shareholders
“Carraro Qingdao”	Carraro Qingdao Drive Systems Co., Ltd. (卡拉羅(青島)傳動系統有限公司), a company established in the PRC on December 31, 2004 which was merged into our Company on October 14, 2008 and which was directly wholly-owned by Carraro International at the time of the merger

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“Carraro S.p.A.”	Carraro S.p.A., a legal entity incorporated in Italy as a limited partnership on December 6, 1960 (and transformed into a joint-stock company on December 27, 1972) whose shares were listed on Euronext Milan with the stock ticker CARR IM before its de-listing in August 2021 and which is ultimately majority-controlled jointly by Mr. Enrico Carraro and Mr. Tomaso Carraro as of the date of this Document, and one of our Controlling Shareholders
	[REDACTED]
“CDTI”	Carraro Drive Tech Italia S.p.A., an entity incorporated in Italy as a limited partnership on November 12, 2019, which is directly wholly-owned by Carraro S.p.A. as of the date of this Document
“China” or “the PRC”	the People’s Republic of China, excluding, for the purpose of this Document only, except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Cicada Qingdao”	Cicada (Qingdao) Investment Holding Co., Ltd. (西凱達(青島)投資控股有限公司), a company established in the PRC on February 2, 2026 which is wholly-owned by Carraro International and which directly holds 0.98% of the equity interest in our Company as of the date of this Document, and one of our Controlling Shareholders
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”, “we”, “us”, or “our”	Carraro China Drive Systems Co., Ltd. (卡拉羅(中國)傳動系統股份有限公司, formerly known as 卡拉羅(中國)傳動系統有限公司 and Carraro Qingdao Drive Systems Co., Ltd. (卡拉羅(青島)傳動系統股份有限公司)), a PRC company established on January 19, 2007 and converted into a joint stock limited liability company on April 16, 2026, and where the context requires, including our predecessor Carraro Qingdao
“Compliance Advisor”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

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“Controlling Shareholder(s)” or “Controlling Shareholders Group”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Carraro International, Cicada Qingdao, Carraro S.p.A., Finaid S.p.A., Mr. Enrico Carraro and Mr. Tomaso Carraro, as further detailed in the section headed “Relationship with Our Controlling Shareholders” in this Document
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
[REDACTED]	
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Filing Rules” or “Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), promulgated by the CSRC on February 17, 2023, as amended, supplemented or otherwise modified from time to time
“CSRC Filings”	filings made with the CSRC under the CSRC Rules and other applicable rules and requirements of the CSRC
“CSRC Rules”	the CSRC Filing Rules together with the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies
“Director(s)”	the director(s) of our Company
“EIT”	the enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), which was promulgated on March 16, 2007, came into effect on January 1, 2008, and was most recently amended on December 29, 2018 becoming effective on the same date
“ESG and Sustainability Committee”	the ESG and sustainability committee of the Board
“Exchange Participant(s)”	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outages or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

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[REDACTED]

“IFRS”	the IFRS Accounting Standards, which as a collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board
“Independent Third Party(ies)”	person(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, is/are not our connected persons

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[REDACTED]

“IP Transfer”

the transfer by Carraro S.p.A. of the rights, title and interest in certain intellectual property and know-how of products customized for the China market to our Company with effect from January 1, 2026 pursuant to the intellectual property assignment agreement entered into between Carraro S.p.A. and our Company on December 24, 2025

[REDACTED]

“Latest Practicable Date”

April 15, 2026, being the latest practicable date for ascertaining certain information in this Document before its publication

“Laws”

laws, statutes, ordinances, legal codes, regulations, rules, orders, judgments, decrees, rulings, opinions, guidelines, measures, notices or circulars of any Authority

[REDACTED]

“Listing Committee”

the Listing Committee of the Hong Kong Stock Exchange

[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules”

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

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“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
“Ministry of Finance” or “MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination and Remuneration Committee”	the nomination and remuneration committee of the Board
“Non-Competition Agreement”	the non-competition agreement entered into between our Company and Carraro S.p.A. dated [●], containing the undertakings as described in the section headed “Relationship with Our Controlling Shareholders — Non-Competition Agreement” in this Document in favour of our Company
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

“PRC Company Law”	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
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“PRC GAAP”	generally accepted accounting principles in mainland China
“PRC government” or “State”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisor”	Grandall Law Firm (Shanghai), our legal advisor as to PRC laws

[REDACTED]

“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of mainland China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB[1.00] each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)

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“Sole Sponsor” the sole sponsor as named in the section headed “Directors and Parties Involved in the [REDACTED]”

[REDACTED]

“State Council” the State Council of the PRC (中華人民共和國國務院)

“Stock Exchange” or “Hong Kong Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary” or “subsidiaries” has the meaning ascribed to it in section 15 of the Companies Ordinance

“substantial shareholder(s)” has the meaning ascribed to it in the Listing Rules

“Takeovers Code” Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

“Track Record Period” the years ended December 31, 2023, 2024 and 2025

“U.S.”, “US” or “United States” the United States of America, its territories, its possessions and all areas subject to its jurisdictions

“U.S. dollars”, “US dollars” or “US\$” United States dollars, the lawful currency of the United States

“U.S. Securities Act” United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[REDACTED]

“%” per cent

Unless otherwise specified, in this Document:

- (a) certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and
- (b) for ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities have been included in this Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.