

## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

### OVERVIEW

The history of our Company can be traced back to December 2004, when Carraro Qingdao, our predecessor, was established. Our Company was established with the name Carraro China Drive Systems Co., Ltd. (卡拉羅(中國)傳動系統有限公司) in January 2007 under the PRC Company Law by Carraro International (a wholly-owned subsidiary of Carraro S.p.A., the parent company of the Carraro Group which is an industrial group headquartered in Italy with nearly 100 years of experience in the design and manufacture of off-highway driveline systems), and Carraro Qingdao was merged into our Company in October 2008. Our Company was converted into a joint stock company with limited liability and renamed as Carraro Qingdao Drive Systems Co., Ltd. (卡拉羅(青島)傳動系統股份有限公司) and subsequently as Carraro China Drive Systems Co., Ltd. (卡拉羅(中國)傳動系統股份有限公司) in April 2026.

We are a China-based Tier-1 manufacturer of precision-engineered and assembled axles, transmissions, and integrated driveline solutions for off-highway construction equipment and agricultural machinery, supplying mission-critical systems that support performance, efficiency, durability, and safety. As a Tier-1 supplier, we deliver our products directly to manufacturers of off-highway machinery and equipment. Established in China in 2004, we operate an integrated manufacturing facility in Qingdao with local engineering and manufacturing capabilities. We have built long-standing partnerships with leading manufacturers in the construction equipment and agricultural machinery markets. Our customers deploy our products across multiple platforms for both domestic and international markets.

### KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Company’s key corporate and business development milestones:

| Year           | Event  |
|----------------|--|
| 2004 . . . . . | Establishment of our predecessor, Carraro Qingdao  |
| 2007 . . . . . | Establishment of our Company with headquarters in Qingdao in the Shandong Province of the PRC.<br><br>Production facilities in Qingdao in the Shandong Province of the PRC commenced operations, with machining and assembly capabilities to serve off-highway customers in China. |
| 2008 . . . . . | Merged with Carraro Qingdao as the continuing entity.  |
| 2021 . . . . . | Collaborated with the Carraro Group in designing an entirely new driveline system for the MEWP market, accelerating the focus on the local-to-local strategy in the PRC.   |
| 2022 . . . . . | Recognized as Qingdao Specialized, High-end and Innovation-driven SMEs by the Qingdao Small and Medium Enterprises Bureau.   |
| 2023 . . . . . | Expanded MEWP product range with the introduction of new models and entry into new segments, including articulated boomlifts and the production and sales of axles and transmissions for telehandlers and four-wheel steering backhoe loaders.                                     |
| 2025 . . . . . | Recognized as High Quality Parts Supplier (零部件優質供應商) by China Construction Machinery Industry, as well as excellent suppliers by various partners.   |

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### MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

#### (1) Establishment of Our Company

On January 19, 2007, our Company was established with the name Carraro China Drive Systems Co., Ltd. (卡拉羅(中國)傳動系統有限公司) in the PRC as a limited liability company by the then sole shareholder Carraro International, with a registered capital of US\$7.5 million.

#### (2) Capital and Shareholding Changes up until the Track Record Period

In December 2007, as approved by the Board at the time, the registered capital of our Company was increased from US\$7.5 million to US\$8,084,659, through the subscription by Carraro International. In January 2008 and May 2008, as approved by the Board at the time, the registered capital of our Company was further increased to US\$10,084,659 and then US\$13,084,659, respectively, through further subscriptions by Carraro International.

In October 2008, as approved by the board of directors of each of our Company and Carraro Qingdao, the registered capital of our Company was further increased from US\$13,084,659 to US\$14,763,456 pursuant to the merger of Carraro Qingdao into our Company, with the additional registered capital of our Company in the amount of US\$1,678,797 reflecting the original registered capital of Carraro Qingdao prior to the merger. Following the completion of the aforementioned capital increases, Carraro International remained to be our sole shareholder.

In December 2009, as approved by the Board at the time, the registered capital of our Company was further increased from US\$14,763,456 to US\$23,643,456, and Carraro International simultaneously transferred its entire equity interest in our Company to Carraro Drive Tech S.p.A. (a legal entity ultimately wholly-owned by Carraro S.p.A. prior to its merger into Carraro International). Following the completion of this transfer, Carraro Drive Tech S.p.A. became our sole shareholder.

In October 2020, pursuant to the merger of Carraro Drive Tech S.p.A. into Carraro International, the shareholders of Carraro Drive Tech S.p.A. resolved that the entire equity interest in our Company held by Carraro Drive Tech S.p.A. would be succeeded by Carraro International, upon the completion of which Carraro International once again became the sole shareholder of our Company, with a registered capital of US\$23,643,456.

#### (3) Subsequent Capital and Shareholding Changes up until our Conversion into Joint Stock Limited Company

In April 2023, as decided by the Shareholder at the time, the registered capital of our Company was reduced from US\$23,643,456 to US\$16,143,456. Following the completion of this capital reduction, Carraro International remained the sole shareholder of our Company with a registered capital of US\$16,143,456.

In February 2026, as part of the internal reorganization of the Carraro Group and as decided by the Shareholder at the time, the registered capital of our Company was increased from US\$16,143,456 to US\$16,306,522, through the subscription by Cicada Qingdao (a wholly-owned subsidiary of Carraro International) for new registered capital in the amount of US\$163,066. Upon the completion of this share subscription, the equity interests in our Company were directly held as to approximately 99.00% and 1.00% by Carraro International and Cicada Qingdao, respectively.

In March 2026, as approved by the Shareholders at the time, the currency of the registered capital of our Company was changed from U.S. dollars to Renminbi. Upon the completion of this currency change, the registered capital of our Company became RMB115,911,266.85, and the equity interests in our Company were directly held as to approximately 99.02% and 0.98% by Carraro International and Cicada Qingdao, respectively.

#### (4) Conversion into a Joint Stock Company in April 2026

On April 16, 2026, all procedures required to convert our Company from a limited liability company to a joint stock limited company were completed. Upon completion of the conversion, our Company was renamed as Carraro Qingdao Drive Systems Co., Ltd. (卡拉羅(青島)傳動系統股份有限公司) (and subsequently as Carraro China Drive Systems Co., Ltd. (卡拉羅(中國)傳動系統股份有限公司)), and our registered capital was converted into RMB115,911,267, divided into 115,911,267 Shares, at a nominal value of RMB1.0 per share.

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### (5) Capitalization of our Company

Immediately upon the completion of the conversion of our Company into a joint stock company and up until the Latest Practicable Date, the shareholding structure of our Company has been as follows:

| No.         | Name of Shareholder   | Number of Shares   | Approximate Shareholding Percentage |
|-------------|-----------------------|--------------------|-------------------------------------|
|             |                       |                    | %                                   |
| 1 . . . . . | Carraro International | 114,778,969        | 99.02                               |
| 2 . . . . . | Cicada Qingdao        | 1,132,298          | 0.98                                |
|             | <b>Total</b>          | <b>115,911,267</b> | <b>100.00</b>                       |

### (6) PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the equity transfers, equity subscriptions, equity successions, capital increases and capital reductions set out above in all material respects, and such equity transfers, equity subscriptions, equity successions, capital increases and capital reductions were conducted in compliance with the applicable PRC laws and regulations in all material respects.

## MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals and mergers that we consider to be material to us.

## OUR [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our Company seeks to be [REDACTED] on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our business, establish an international fundraising platform for our Company, further strengthen our recognition and overall competitiveness, consolidate our industry position, and better attract international [REDACTED] and talents. Please refer to the sections headed “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” in this Document for more details.

[REDACTED]

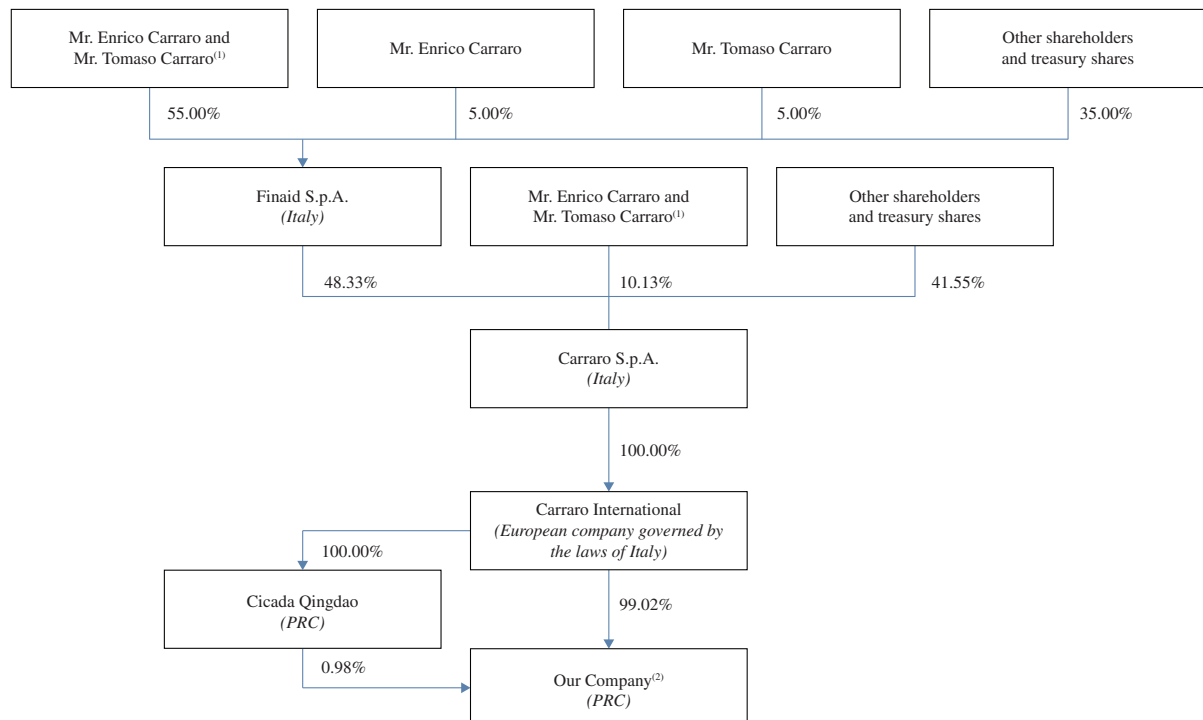
## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED]

### OUR SHAREHOLDING AND CORPORATE STRUCTURE

#### Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately prior to the [REDACTED]:



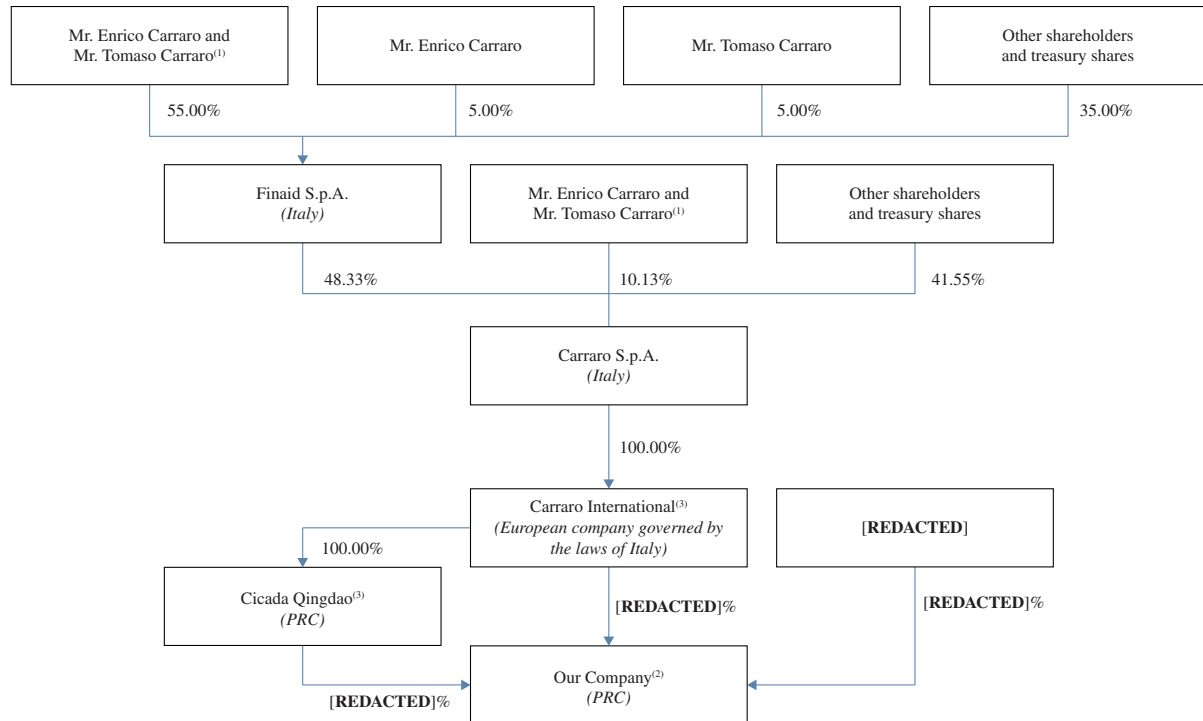
*Notes:*

- (1) Mr. Enrico Carraro and Mr. Tomaso Carraro are siblings to each other. In addition to their individual direct ownerships of the equity interests in Finaid S.p.A., they also have joint direct ownership over 55.00% of the equity interest in Finaid S.p.A. and approximately 10.13% of the equity interest in Carraro S.p.A..
- (2) Our Company has no subsidiary.

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### Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised:



Notes:

- (1) Mr. Enrico Carraro and Mr. Tomaso Carraro are siblings to each other. In addition to their individual direct ownerships of the equity interests in Finaid S.p.A., they also have joint direct ownership over 55.00% of the equity interest in Finaid S.p.A. and approximately 10.13% of the equity interest in Carraro S.p.A..
- (2) Our Company has no subsidiary.
- (3) The Shares held by Carraro International and Cicada Qingdao shall be subject to the lock-up requirements under applicable PRC laws upon [REDACTED].