Continental Aerospace Technologies Holding Limited
大陸航空科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 232)

Executive Directors:
Mr. Huang Yongfeng *(Chairman)*
Mr. Zhang Zhibiao *(Chief Executive Officer)*
Mr. Yu Xiaodong
Ms. Hu Min
Mr. Huang Kai

Non-executive Director:
Mr. Chow Wai Kam

Independent Non-executive Directors:
Mr. Chu Yu Lin, David
Mr. Li Ka Fai, David
Mr. Zhang Ping

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31 August 2026

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF MOTTO INVESTMENT LIMITED;
(2) PROPOSED DECLARATION OF SPECIAL DIVIDEND ON DISPOSAL AND CASH DIVIDEND ON PROPERTY DISPOSAL AND PROPOSED CAPITAL REORGANIZATION;
(3) APPLICATION OF NOTE 7 TO RULE 2 OF THE TAKEOVERS CODE;
(4) PROPOSED WITHDRAWAL OF LISTING OF CONTINENTAL AEROSPACE TECHNOLOGIES HOLDING LIMITED AND WINDING UP PROPOSAL;
(5) CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL OF PROPERTY;
AND
(6) SPECIAL GENERAL MEETING AND CLOSURE OF REGISTER OF SHAREHOLDERS

Reference is made to (i) the 3.7 Announcement dated 29 May 2026; (ii) the Joint Announcement issued by the Company and the Purchaser on 5 June 2026; and (iii) the PPP Loan Settlement Announcement dated 4 August 2026. The purpose of this Circular is to provide you with, among other things, (i) a letter from the Board to the Shareholders containing details of the Proposals, the Property Disposal, the Capital Reorganization and other related matters (including, but not limited to, an indicative timetable listing the relevant dates); (ii) the opinion of the Independent Board Committee with respect to the Proposals and the Property Disposal; (iii) the opinion of the Independent Financial Adviser with respect to the Proposals and the Property Disposal; (iv) the Target Group Financial Information; (v) the report of Reporting Accountant on the profit estimate; (vi) the report of the Independent Financial Adviser on the profit estimate; (vii) the unaudited pro forma financial information of the Remaining Group; (viii) the Valuation Report; and (ix) a notice convening the SGM.

1. PROPOSED VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF MOTTO INVESTMENT LIMITED

On 5 June 2026 (after trading hours), the Company, the Purchaser and the Purchaser Guarantor entered into the Sale and Purchase Agreement, pursuant to which, and subject to the terms and conditions set out therein, the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares (representing the entire issued share capital of the Target Company, a wholly owned subsidiary of the Company), and to settle the Shareholder and Intercompany Loans in consideration of the Disposal Consideration. Following Closing, the Company will cease to hold any equity interest in the Target Company or in any other Target Group Company.

1.1 The Sale and Purchase Agreement

(a) Date and Parties

Date

5 June 2026 (after trading hours)

Parties

(i) the Company, as the seller;

(ii) MOBILE ACQUISITIONCO, LLC, as the Purchaser; and

(iii) with respect to the provisions regarding the purchaser guarantee as summarized in the paragraph headed "(i) Purchaser Guarantee" below, A&D SUBSYSTEMS BORROWER SERIES LP – SPACE SERIES, as the Purchaser Guarantor (which indirectly wholly owns the Purchaser).

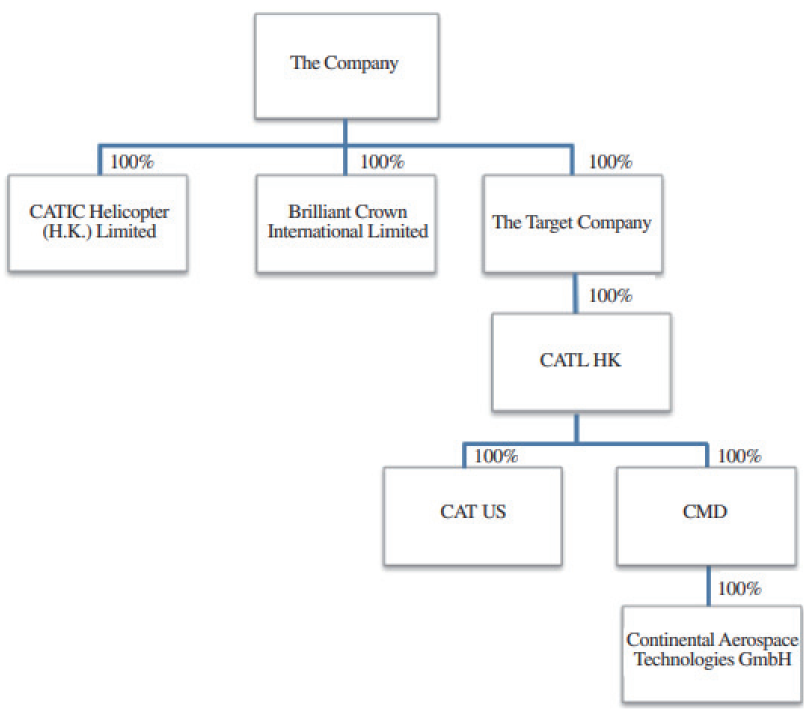
(b) Subject of the Disposal

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire from the Company, and the Company conditionally agreed to sell to the Purchaser, the Sale Shares, and to settle the Shareholder and Intercompany Loans in consideration of the Disposal Consideration. The Sale Shares represent the entire issued share capital of the Target Company, a wholly owned subsidiary of the Company.

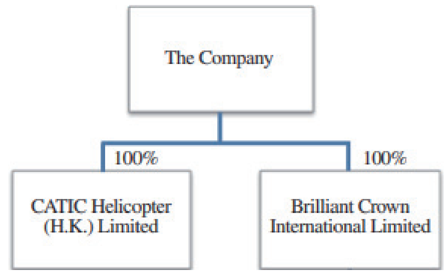
The Target Group principally conducts the Business.

The following simplified organizational charts illustrate the effect of the Disposal on the organizational structure of the Group and the ownership structure of the Target Group. Except as otherwise specified, equity interests depicted in the following diagrams are held as to 100%.

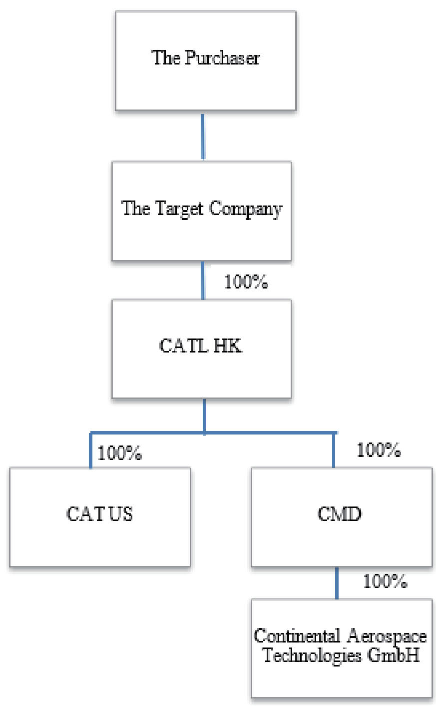
Simplified organizational structure of the Group as of the Latest Practicable Date



Simplified organization structure of the Remaining Group upon Closing



Simplified ownership structure of the Target Group upon Closing



(c) Disposal Consideration

The Disposal Consideration, being the aggregate consideration for the sale and purchase of the Sale Shares and the settlement of the Shareholder and Intercompany Loans, shall be US$535,420,000, which consists of (i) the Upfront Payment which is fixed at US$50 million (see "(d) Earnest Deposit and Upfront Payment" below for further details); and (ii) the Closing Payment of US$485,420,000 which will be subject to certain deductions and payable on the Closing Date as set out below.

As regards the composition of the Disposal Consideration insofar as the portions payable for (i) the sale and purchase of the Sale Shares and (ii) the settlement of the Shareholder and Intercompany Loans are concerned:

(i) the portion payable to the Company for the sale and purchase of the Sale Shares equals the remainder of the Disposal Consideration after deduction of the Loan Settlement Amount; and

(ii) the portion payable to the Company for the Company to irrevocably release all obligations of the members of the Target Group in respect of the Shareholder and Intercompany Loans in full on Closing Date equals the Loan Settlement Amount.

As regards the deductions and payable to be applied on the Closing Payment, on the Closing Date, the Purchaser shall pay an amount that is equal to the Closing Payment *minus* the following deductions: (i) the Pre-Closing Notified Leakage Amount; (ii) the PPP Loan Settlement Amount which is expected to be no less than US$12 million, or if such PPP Loan Settlement Amount is not fully discharged by the Company or CAT US prior to Closing, the PPP Loan Holdback Amount of US$15 million; and (iii) the Withholding Tax Amount. As a Leakage may consist of any payments, transactions conducted other than on arm's length terms, waiver of liabilities or other events having the effect of reducing or leaking the value of the Target Group, and as the extent of such value reduction may vary for each Leakage, the exact amount of any Leakage will be determined on a case-by-case basis.

The Pre-Closing Notified Leakage Amount and the Withholding Tax Amount will be determined on the Closing Date. Based on the information presently available to the Company, it is expected that (i) the Pre-Closing Notified Leakage Amount will be between nil and US$8.42 million; (ii) the PPP Loan Settlement Amount which is expected to be no less than US$12 million, or if such PPP Loan Settlement Amount is not fully discharged by the Company or CAT US prior to Closing, the PPP Loan Holdback Amount of US$15 million; and (iii) the Withholding Tax Amount will be between US$5 million and US$7 million. Therefore, assuming that Closing occurs, it is expected that the estimated Disposal Consideration to be received by the Company on the Closing Date will be between US$505 million and US$518.42 million.

If Closing occurs, the Upfront Payment will be released and paid into the Company Dividend Account, and the Closing Payment will also be paid into the Company Dividend Account. The transfer of the Upfront Payment and the Closing Payment to the Company Dividend Account is not subject to any foreign exchange restrictions.

(d) Earnest Deposit and Upfront Payment

The Upfront Payment, comprising the Earnest Deposit of US$5 million and an additional sum of US$45 million, has been deposited or caused to be deposited by the Purchaser into the Escrow Account and shall be retained in the Escrow Account and applied in accordance with the terms of the Sale and Purchase Agreement.

If the Sale and Purchase Agreement is terminated prior to Closing as a result of:

(i) the Purchaser failing to use its reasonable efforts, to the extent it is able to do so, to facilitate the satisfaction of any of the Conditions set out in items (ii) and (iii) of the paragraphs headed "(f) Conditions Precedent" below; or

(ii) the Purchaser being in breach of any of its obligations under the Sale and Purchase Agreement, including its failure to comply with any material closing obligation at Closing or refusing to proceed with, or delaying, the Closing in the circumstances as specified in the Sale and Purchase Agreement,

the Upfront Payment (together with any accrued interest) shall be released by the Escrow Agent to the Company, and if terminated prior to Closing for other reasons in accordance with the Sale and Purchase Agreement, to the Purchaser, in each case, within five (5) Business Days of such termination.

If Closing occurs, the Upfront Payment shall be applied towards the Disposal Consideration and shall be released by the Escrow Agent to the Company Dividend Account.

(e) Basis for determination of Disposal Consideration

The Disposal Consideration, i.e. US$535.42 million which is subject to certain deductions and payable on the Closing Date set out in the paragraph headed "- (c) Disposal Consideration" in this section above, was determined following arm's length negotiations between the Company and the Purchaser. It was determined primarily with reference to the enterprise value of the Target Group as agreed between the parties (being approximately US$500 million, which included the value of the Shareholder and Intercompany Loans which was approximately US$280 million at that time and US$280 million as at the Latest Practicable Date) and the cash position of the Target Group of approximately US$35.42 million based on its management account which was unaudited as at 31 October 2025 (being the locked box date agreed between the Company and the Purchaser). Also, the historical operations and financial performance of the Target Group (its revenue was relatively stable, which amounted to HK$1,830,186 thousand, HK$1,805,382 thousand and HK$1,999,261 thousand respectively for the three financial years ended 31 December 2025, while its profit before taxation fluctuated, which amounted to HK$121,263 thousand, HK$130,555 thousand and HK$113,223 thousand respectively for the three financial years ended 31 December 2025, and profit after taxation declined from HK$176,488 thousand for the financial year ended 31 December 2023 to HK$93,203 thousand for the financial year ended 31 December 2025, further details of which are set out in the section headed "2. Financial Information and Financial Impact on the Company in relation to the Disposal – 2.1 Financial Information of the Target Group" of this Circular) and the growth that the Purchaser Group could achieve in the aerospace sector in the United States were taken into account, having regard to the Purchaser Group's experience in scaling aerospace businesses through improvements in operational excellence, commercial execution and organisational capabilities.

In assessing the reasonableness and fairness of the Disposal Consideration, the Board has taken into account (i) the financial multiples of the following comparable companies as compared with those of the Target Group; (ii) the fact that the Disposal Consideration was determined following arm's length negotiations between the Company and the Purchaser, primarily with reference to, the enterprise value of the Target Group as agreed between the Company and the Purchaser following arm's length negotiations and the cash position of the Target Group as mentioned above; (iii) the enterprise value of the Target Group which was determined following arm's length negotiations between the Company and the Purchaser and was assessed in terms of its reasonableness and fairness by comparing the corresponding enterprise value-to-EBITDA ratio of the Target Group with that of the following comparable companies; (iv) the equity value of the Target Group, being the difference between the Disposal Consideration and the Loan Settlement Amount, which was determined following arm's length negotiations between the Company and the Purchaser and was assessed in terms of its reasonableness and fairness by comparing the corresponding price-to-earnings ratio and price-to-book ratio of the Target Group with those of the following comparable companies; and (v) the fact that the Loan Settlement Amount will be applied to settle the Shareholder and Intercompany Loans on a dollar-for-dollar basis and is therefore a fair and reasonable amount:

Name of Company[1]/ Business	Stock Code	Principal Business[2]	EV/ EBITDA[3]	Price-to-Earnings Ratio[4]	Price-to-Book Ratio[5]
Comparable Companies					
Cirrus Aircraft Limited	2507.HK	Design, development, manufacturing, and sale of premium aircraft across the personal aviation industry.	5.98	12.18	1.91
AviChina Industry & Technology Company Limited[6] (中國航空科技工業股份有限公司)	2357.HK	Research and development, manufacture, and sales of aviation products and related engineering services.	7.99	12.48	0.63
Minimum			**5.98**	**12.18**	**0.63**
Maximum			**7.99**	**12.48**	**1.91**
Average			**6.99**	**12.33**	**1.27**
Target Group	N/A	The Business.	**18.68**	**20.42**	**13.20**
The Company	0232.HK	The Business	**4.63**	**20.47**	**0.62**

Notes:

(1) The two companies listed above represent an exhaustive list of comparable companies identified using the following selection criteria on a best effort basis:

(i) *Listing Status*: the comparable company is listed on the Main Board of the Stock Exchange; and

(ii) *Similar Business*: the comparable company's revenue was mainly derived from the provision of the aviation products, aircraft manufacturing, general aviation aircraft, aviation ancillary systems and/or related aviation services. With respect to the similarities of the comparable companies set out above:

(A) Cirrus Aircraft Limited: While the Company is principally engaged in piston engine general aviation business, instead of aircraft manufacturing, the Board considers the business of Cirrus Aircraft Limited is comparable to that of the Company due to the fact that their primary markets include the United States and they both operate within the civil aviation industry.

(B) AviChina Industry & Technology Company Limited: Despite the differences in the geographical location of the business operation, the Board considers the business of AviChina Industry & Technology Company Limited is comparable to that of the Company due to the fact that they are both providing aviation products and related aviation services.

Given that the business of the comparable companies is comparable to the Group's business and the list of comparable companies above is exhaustive based on selection criteria above, the comparable companies are considered representative.

For completeness, the financial multiples of the Company are also included in the table above.

(2) The information on the principal business of the comparable companies is based on the latest public filings made by the comparable companies which are published on the website of the Stock Exchange (http://www.hkexnews.hk).

(3) EV/EBITDA of a comparable company is calculated by dividing (i) its enterprise value (which was calculated by adding the market capitalization on the Last Trading Date, debt (comprising long-term and short-term borrowings and lease liabilities) and minority equity as of 31 December 2025, and then subtracting monetary funds as of 31 December 2025) by (ii) its EBITDA for the year ended 31 December 2025. The same calculation methodology applies to EV/EBITDA of the Company. As regards the Target Group, its EV/EBITDA is calculated by dividing (i) its enterprise value of US$500 million by (ii) its EBITDA for the year ended 31 December 2025 of approximately US$26.77 million converted to HK$ at the Reference Exchange Rate on the Last Trading Date.

(4) Price-to-Earnings Ratio of a comparable company is calculated by dividing (i) its market capitalization on the Last Trading Date by (ii) its profit attributable to owners/shareholders for the year ended 31 December 2025. The same calculation methodology applies to Price-to-Earnings Ratio of the Company. As regards the Target Group, its Price-to-Earnings Ratio is calculated by dividing (i) its equity value of approximately US$255.42 million converted to HK$ at the Reference Exchange Rate on the Last Trading Date by (ii) its net profit attributable to equity holders for the year ended 31 December 2025 of approximately HK$98 million.

(5) Price-to-Book Ratio of a comparable company is calculated by dividing (i) its market capitalization on the Last Trading Date by (ii) its net assets attributable to owners/shareholders as of 31 December 2025. The same calculation methodology applies to Price-to-Book Ratio of the Company. As regards the Target Group, its Price-to-Book Ratio is calculated by dividing (i) its equity value of approximately US$255.42 million converted to HK$ at the Reference Exchange Rate on the Last Trading Date by (ii) its net assets attributable to equity holders as of 31 December 2025 of approximately HK$151 million.

(6) For identification purposes only.

(7) Given that the data for calculating the financial multiples above (i.e., EV/EBITDA, Price-to-Earnings Ratio and Price-to-Book Ratio) can be obtained directly from publicly available information and thus reflect the value of the companies determined by the open market, such financial multiples are considered appropriate. The financial multiples of the comparable companies are derived from information available on the website of the Stock Exchange, including the annual reports of the comparable companies for the year of 2025 and the market capitalization of the comparable companies on the Last Trading Date.

As shown in the table above, the financial multiples of the Target Company surpass those of the comparable companies. Taking in consideration of the marketability discount on non-listed companies which is applicable to the Target Company, the Disposal Consideration reflects a significant premium paid by the Purchaser to provide the Shareholders with an immediate opportunity to monetize their Shares. Having considered the fact that (i) the Disposal Consideration was determined following arm's length negotiations between the Company and the Purchaser; (ii) the fairness and reasonableness of the Disposal Consideration was assessed by comparing the corresponding financial multiples of the Target Group with those of the comparable companies; (iii) the financial multiples of the Target Company exceed those of the comparable companies; and (iv) the Disposal is in the Company's commercial interest as elaborated in "7. Reasons for and Benefits of the Proposals – 7.2 For the Company", the Directors (including members of the Independent Board Committee, who have expressed their view in the letter from the Independent Board Committee set out in Part IV of this Circular after receiving advice from the Independent Financial Adviser) consider that the Disposal Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(f) Conditions Precedent

Closing is subject to and conditional upon the satisfaction or (where applicable) waiver of the following Conditions at or prior to the Closing Date:

(i) the approval from the Independent Shareholders having been obtained and remaining in full force in respect of the Proposals, in accordance with the requirements of the Listing Rules, the Takeovers Code and applicable laws (including the Approval Threshold);

(ii) the waiting period applicable to the consummation of the Disposal under the HSR Act having expired or having been terminated;

(iii) BMWE having either rejected jurisdiction, cleared, or deemed to have cleared the Disposal under applicable law;

(iv) the Target Group having complied in all material respects with all applicable International Trade Laws;

(v) the warranties given by the Company under the Sale and Purchase Agreement being true and correct in all material respects as at Closing;

(vi) no Material Adverse Change (meaning a material adverse financial impact of at least US$100,000,000 on the Target Group as a whole but excluding certain exceptions. See "Definitions" in Part II of this Circular for further details) having occurred since the date of the Sale and Purchase Agreement; and

(vii) there being no law or order that prohibits the implementation of the Disposal, and no relevant governmental entity having granted any order or made any decision that materially restricts or prohibits the implementation of the Disposal.

Save for Conditions (iv), (v) and (vi) above which may be waived by the Purchaser by notice in writing to the Company, none of the other Conditions may be waived.

As confirmed by the Company's U.S. antitrust legal advisers, the waiting period under the HSR Act as set out in Condition (ii) above is thirty (30) calendar days. The waiting period may be extended if further review is initiated by the relevant U.S. antitrust authority. The waiting period commences on the date the relevant pre-merger filings are made pursuant to the HSR Act. A confidential pre-merger filing was submitted to the Federal Trade Commission on 3 April 2026 and the 30-day waiting period had expired on 4 May 2026. Accordingly, Condition (ii) has been satisfied as at the Latest Practicable Date.

As disclosed in the announcement of the Company dated 23 July 2026, the clearance of the German Federal Ministry for Economic Affairs and Energy (Bundesministerium für Wirtschaft und Energie) on the Disposal has been received. Accordingly, Condition (iii) has been satisfied.

As of the Latest Practicable Date, Conditions (i) and (vii) are to be satisfied and Conditions, (iv), (v) and (vi) are to be satisfied or waived at or prior to the Closing Date.

(g) Termination of the Sale and Purchase Agreement

The Sale and Purchase Agreement shall automatically terminate (other than in respect of certain customary surviving provisions) if the Unconditional Date has not occurred on or before the Long Stop Date (or such later date as the Company and the Purchaser may agree in writing). The Sale and Purchase Agreement does not contain a termination clause by mutual agreement between the Purchaser and the Company.

The Purchaser may terminate the Sale and Purchase Agreement (other than certain customary surviving provisions) by written notice to the Company at any time before Closing if any of the following circumstances arises or occurs at any time before Closing, namely:

(i) any Material Adverse Change (meaning a material adverse financial impact of at least US$100,000,000 on the Target Group as a whole but excluding certain exceptions. See "Definitions" in Part II of this Circular for further details) occurs;

(ii) any event occurs which would constitute a material breach of any of the warranties given by the Company under the Sale and Purchase Agreement if they were repeated at any time before Closing by reference to the facts and circumstances then existing that would result in the Closing not being able to occur and such breach has not been cured, or is incapable of being cured, by the Company or a Target Group Company, as applicable, within five (5) days following its receipt of notice from the Purchaser of such breach; or

(iii) any material breach by the Company of its obligations under the Sale and Purchase Agreement that would result in the Closing not being able to occur.

The Company may terminate the Sale and Purchase Agreement (other than certain customary surviving provisions) by notice to the Purchaser at any time before Closing if any of the following circumstances arises or occurs at any time before Closing, namely:

(i) any event occurs which would constitute a material breach of any of the warranties given by the Purchaser under the Sale and Purchase Agreement if they were repeated at any time before Closing by reference to the facts and circumstances then existing that would result in the Closing not being able to occur and such breach has not been cured, or is incapable of being cured, by the Purchaser within five (5) days following its receipt of notice from the Company of such breach; or

(ii) any material breach by the Purchaser of its obligations under the Sale and Purchase Agreement that would result in the Closing not being able to occur.

If the Sale and Purchase Agreement is terminated in accordance with this section (g), no Party (nor any of its Affiliates) shall have any claim of any nature against any other Party (or any of its Affiliates) under the Sale and Purchase Agreement (except in respect of any rights and liabilities accrued before termination or under any of the certain customary surviving provisions). For the avoidance of doubt, where the Sale and Purchase Agreement is terminated in accordance with this section (g), the Parties shall give all instructions to the Escrow Agent reasonably necessary in accordance with the requirements of the Escrow Agreement to give effect to the terms set out in the section headed "1. Proposed Very Substantial Disposal in relation to Disposal of The Entire Issued Share Capital of Motto Investment Limited – 1.1(d) Earnest Deposit and Upfront Payment" of this Circular.

(h) Closing of the Sale and Purchase Agreement

To the extent practicable, Closing is expected to occur on 30 September 2026 provided that the Unconditional Date falls on the date of the SGM (i.e., 21 September 2026). In any event, the Closing Date shall not be later than the tenth (10th) Business Day after the Unconditional Date.

Upon Closing, the Company shall cease to hold (directly or indirectly) any interest in the Target Company or in any other Target Group Company. Therefore, all Target Group Companies will cease to be subsidiaries of the Company, and their financial results will no longer be consolidated into the financial statements of the Remaining Group.

(i) Purchaser Guarantee

In consideration of the Company entering into the Sale and Purchase Agreement, the Purchaser Guarantor unconditionally and irrevocably guarantees to the Company as a continuing obligation that the Purchaser will comply properly and punctually with its obligations with respect to the payment of the Upfront Payment and the Closing Payment in accordance with terms and conditions therein, and will promptly pay and discharge all actual and direct losses, liabilities, damages, costs and expenses (including any reasonable legal and other professional fees and expenses) incurred by the Company directly arising out of or in connection with any failure by the Purchaser to comply with such obligations, provided that the Purchaser Guarantor shall only be liable for any losses that are reasonably foreseeable and shall not be liable for any indirect, special or consequential losses. The obligations of the Purchaser Guarantor under the Purchaser Guarantee are joint and several with the Purchaser. The Purchaser Guarantee remains in effect until such guaranteed obligations have been fully discharged (or until the Sale and Purchase Agreement is terminated in accordance with its terms).

(j) No Leakage

The Purchaser shall be entitled to claim, within three (3) months from the Closing Date, the difference between the actual Leakage amount and the Pre-Closing Notified Leakage Amount upon notification to the Company. The Company intends to use its own internal resources to settle the difference (if any) without using any Disposal Consideration. Under the Sale and Purchase Agreement, the Company and the Purchaser will, acting in good faith, promptly confirm and settle any Leakage as soon as possible.

1.2 Remaining Group

For the financial year ended 31 December 2025 and the six months ended 30 June 2026, revenue generated by the Target Group from the Business accounted for 100% of the total revenue of the Group.

As of the Latest Practicable Date, the Remaining Group does not engage in or operate the Business and apart from its interest in the Target Group which is to be disposed of according to the Sale and Purchase Agreement, the Remaining Group only holds (i) cash; (ii) the Property; and (iii) its investment interests in CATIC Helicopter (H.K.) Limited and Brilliant Crown International Limited, the net book value of which (after taking into impairment provision) is nil as of 31 December 2025. Immediately after the distribution and the payment of the Special Dividend on Disposal and without taking into account the Property Disposal, the assets of the Remaining Group will consist substantially of cash (for its implication under the Listing Rules, please refer to the section headed "5. Proposed Withdrawal of Listing of the Company – 5.1 Rationale for the Proposed Delisting" of this circular). Please refer to the unaudited pro forma financial information of the Remaining Group as set out in Appendix V to this Circular for further details of the assets of the Remaining Group as if the Disposal and the distribution of the Special Dividend on Disposal had been completed on 30 June 2026 and without taking into account the Property Disposal.

The table below sets out a summary of the unaudited pro forma financial information with respect to the total assets and total liabilities of the Remaining Group as of 30 June 2026 as extracted from the unaudited pro forma statement of financial position of the Remaining Group as of 30 June 2026 in Appendix V to this Circular, which has been prepared on the assumption that the Disposal and the distribution of the Special Dividend on Disposal had been completed on 30 June 2026.

	As at 30 June **2026** (unaudited) *HK$'000*
NON-CURRENT ASSETS	
Property, plant and equipment	104
Total non-current assets	104
CURRENT ASSETS	
Prepayments, deposits and other receivables	1,297
Time deposit	135,547
Cash and cash equivalents	434,397
	571,241
Assets classified as held for sale	68,023
Total current assets	639,264
CURRENT LIABILITIES	
Other payables, accruals and provisions	1,265
Total current liabilities	1,265
NET CURRENT ASSETS	637,999
TOTAL ASSETS LESS CURRENT LIABILITIES	638,103
NON-CURRENT LIABILITIES	
Pillar two tax liabilities	1,374
Total non-current liabilities	1,374
Net assets	636,729

1.3 Use of Proceeds from the Disposal

The Board proposes that, subject to the fulfillment of any applicable conditions (including (i) the Independent Shareholders having approved the Disposal, the Special Dividend on Disposal, and the Proposed Delisting with the Approval Threshold at the SGM; and (ii) the Closing having taken place), the Disposal Consideration received upon Closing will be distributed in its entirety as Special Dividend on Disposal. See "Indicative Timetable" section in Part I of this Circular and "4. Proposed Declaration of Special Dividend on Disposal and Capital Reorganization" of this Circular for further details.

2. FINANCIAL INFORMATION AND FINANCIAL IMPACT ON THE COMPANY IN RELATION TO THE DISPOSAL

2.1 Financial Information of the Target Group

Upon Closing, the Company will cease to hold any direct or indirect interest in the Target Group.

Based on the Target Group Financial Information, which has been reviewed by the Company's reporting accountants in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to the Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants, as at 31 December 2025, the unaudited total asset value and the unaudited net asset value of the Target Group are approximately HK$3,192.41 million and approximately HK$150.97 million, respectively, and as at 30 June 2026, the unaudited total asset value and the unaudited net asset value of the Target Group are approximately HK$3,280.25 million and approximately HK$62.401 million, respectively. Set forth below is the Target Group Financial Information for the three financial years ended 31 December 2025 and the six months ended 30 June 2026:

	For the year ended 31 December 2023 (unaudited) *HK$'000*	For the year ended 31 December 2024 (unaudited) *HK$'000*	For the year ended 31 December 2025 (unaudited) *HK$'000*	For the six months ended 30 June 2026 (unaudited) *HK$'000*
Revenue	1,830,186	1,805,382	1,999,261	950,786
Profit/(Loss) before taxation	121,263	130,555	113,223	(90,482)
Profit/(Loss) after taxation	176,488	110,486	93,203	(93,907)

Further details on the Target Group Financial Information are set out in Appendix II to this Circular. As disclosed in the Joint Announcement, under Practice Note 2 and Rule 10 of the Takeovers Code, the Target Group Financial Information is disclosed pursuant to Rule 14.58 of the Listing Rules and constitutes a profit forecast for the purpose of Rule 10 of the Takeovers Code. Accordingly, in compliance with Rule 10.4 of the Takeovers Code, a report of Ernst & Young on the profit estimate and a report of the Independent Financial Advisor on the profit estimate are included in Appendix III and Appendix IV to this Circular respectively.

2.2 Financial Impact of the Disposal

Taking into account the Company Transaction Expenses and the carrying amount of identifiable net assets the Target Group as of 30 June 2026 in the Group's consolidated financial information, the Board estimates that the Group may record an unaudited disposal gain of approximately HK$1,598 million, based on the Estimated Minimum Special Dividend on Disposal of approximately US$505 million.

The actual amount of disposal gain or loss to be recognized by the Group would be subject to the actual amount of net asset value of the Target Group as at the Closing Date. As at 30 June 2026, the unaudited net asset value of the Target Group (as shown in the Target Group Financial Information) was approximately HK$62.401 million.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix V to this Circular, assuming the Disposal and the distribution of the Special Dividend on Disposal had been completed on 30 June 2026 and without taking into account the Property Disposal, the net assets value of the Remaining Group would be HK$636.729 million.

3. INFORMATION ON THE COMPANY, THE PURCHASER, THE EQUITY FINANCING SOURCES AND THE TARGET GROUP

3.1 The Company

(a) The Business

The principal business of the Company is investment holding. The principal business of the Group is the Business (i.e. the general aviation aircraft piston engine business, which engages in the design, development and production of general aviation aircraft piston engines and spare parts as well as the provision of aftermarket services and support for piston engines primarily in the United States of America and Germany with sales and procurement activities extended to other jurisdictions) carried out through the Target Group.

(b) Shareholding structure of the Company

As of the Latest Practicable Date:

(i) the Company has 9,303,374,783 Shares in issue;

(ii) none of the Purchaser nor any person acting in concert with it beneficially owns, controls or has direction over any Shares; and

(iii) save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The table below sets out the shareholding structure of the Company as of the Latest Practicable Date. On the assumption that there is no other change in shareholding of the Company before Closing, the shareholding structure of the Company immediately upon Closing is expected to remain the same.

Shareholders[1]

	Number of Shares	*Approximate % of the issued share capital of the Company[3]*
Tacko	1,895,559,000	20.37
AVIC Innovation (HK) Group	2,421,341,390	26.03
Subtotal of Controlling Shareholders	**4,316,900,390**	**46.40**
Yu Xiaodong[2]	2,000,000	0.02
Public Shareholders	4,984,474,393	53.58
Total	**9,303,374,783**	**100.00**

Notes:

(1) As of the Latest Practicable Date, the Company has 9,303,374,783 Shares in issue, all of which are being held by the Independent Shareholders.

(2) Mr. Yu Xiaodong is a director of the Company. Save as Mr. Yu Xiaodong, none of the directors of the Company holds any Shares as at the Latest Practicable Date.

(3) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

Notwithstanding that connected exempt principal traders within the J.P. Morgan group are not acting in concert with the Purchaser, Shares held by any such connected exempt principal traders will not be voted on the Proposals at the SGM unless the Executive allows such Shares to be so voted. Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted on the Proposals at the SGM if (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares; (iii) all voting instructions shall originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader); and (iv) such non-discretionary client is not a concert party of the Purchaser.

3.2 The Purchaser

The Purchaser is a limited liability company established under the laws of the State of Delaware. It is principally engaged in investment holding.

As at the Latest Practicable Date, the Purchaser is a wholly owned, indirect subsidiary of the Purchaser Guarantor, which in turn is an indirect, wholly-owned subsidiary of the Arcline Double Eagle Master Funds through Arcline Double Eagle Holdco LP. The Arcline Double Eagle Master Funds and Arcline Double Eagle Holdco LP (through the Arcline Double Eagle Master Funds) are held by different investment funds ultimately managed or advised by Arcline Investment Management, LP with a broad investor base, and no individual investor holds more than 10% interest in such funds.

Both the Arcline Double Eagle Master Funds and Arcline Double Eagle Holdco LP are controlled by their general partner, Arcline Capital Partners III GP LP, which, in turn, is controlled by its general partner, Arcline. Each of the Purchaser and Arcline is an Independent Third Party that is not acting in concert with the Company.

Arcline is a growth-oriented private equity firm with over US$30 billion in assets under management. Arcline seeks to build the next generation of industrial compounders – market-leading, non-disruptible industrial platforms designed to consistently grow earnings over decades. For more information, please visit www.arcline.com.

3.3 The Target Group

The Target Company is a business company incorporated under the laws of the BVI. It is an investment holding company which, along with other members of the Target Group, is primarily engaged in the operation of the general aviation aircraft piston engine business, which engages in the design, development and production of general aviation aircraft piston engines and spare parts as well as the provision of aftermarket services and support for piston engines primarily in the United States of America and Germany with sales and procurement activities extended to other jurisdictions.

3.4 The Purchaser's intention with regard to the Target Group

As at the Latest Practicable Date, the Purchaser intends that the Target Group will continue to carry on the Business and does not intend to introduce any major changes to the Business (including the redeployment of fixed assets of the Business) or to the continued employment of the employees of the Target Group, other than in the ordinary and usual course of the Business. After the Closing Date, the Purchaser will continue to review the operations and management structure of the Target Group and its strategic plan to consider how to develop the Target Group in a manner which best enhances value and, in that regard, will consider growing the Business as well as capturing market opportunities which will be dependent on factors such as market conditions, legal and regulatory requirements and its business needs.

The Board is pleased to note that the Purchaser's intentions with regard to the Target Group as set out above, that among other things, the Target Group will continue to carry on the Business, and that the Purchaser does not intend to introduce any major changes to the Business (including the redeployment of fixed assets of the Business) or to the continued employment of the employees of the Target Group, other than in the ordinary and usual course of the Business. The Board is also pleased to note that after the Closing Date, the Purchaser will continue to review the operations and management structure of the Target Group and its strategic plan to consider how to develop the Target Group in a manner which best enhances value and, in that regard, will consider growing the Business as well as capturing market opportunities which will be dependent on factors such as market conditions, legal and regulatory requirements and its business needs.

4. PROPOSED DECLARATION OF SPECIAL DIVIDEND ON DISPOSAL AND CAPITAL REORGANIZATION

4.1 Declaration of Special Dividend on Disposal

The Board proposes that, subject to the fulfillment of any applicable conditions (including (i) the Independent Shareholders having approved the Disposal, the Special Dividend on Disposal, and the Proposed Delisting with the Approval Threshold at the SGM; and (ii) the Closing having taken place), the Company will distribute the Disposal Consideration received upon Closing in its entirety as Special Dividend on Disposal. In other words, the amount of the Special Dividend on Disposal equals the amount of the Disposal Consideration (after making the deductions therefrom as set out in the section headed "1. Proposed Very Substantial Disposal in relation to Disposal of The Entire Issued Share Capital of Motto Investment Limited – 1.1(c) The Disposal Consideration"). Assuming that (i) Closing occurs; and (ii) there will be no change in the number of Shares in issue prior to the relevant Record Date, it is expected that the estimated Special Dividend on Disposal will be between:

(1) Estimated Minimum Special Dividend on Disposal: approximately US$505 million (being the Disposal Consideration of US$535,420,000 *minus* (i) the estimated maximum Pre-Closing Notified Leakage Amount of US$8.42 million; (ii) the PPP Loan Holdback Amount of US$15 million; and (iii) the estimated maximum Withholding Tax Amount of US$7 million), which is equivalent to approximately HK$3,943.04 million or HK$0.4238 in cash per Share, based on the Reference Exchange Rate; and

(2) Estimated Maximum Special Dividend on Disposal: approximately US$518.42 million (being the Disposal Consideration of US$535,420,000 *minus* (i) the estimated minimum Pre-Closing Notified Leakage Amount of nil; (ii) the PPP Loan Settlement Amount which is expected to be no less than US$12 million; and (iii) the estimated minimum Withholding Tax Amount of US$5 million), which is equivalent to approximately HK$4,047.82 million or HK$0.4350 in cash per Share, based on the Reference Exchange Rate.

For the purpose of this Circular and for illustration purposes only, amounts denominated in US$ have been converted into HK$ using the Reference Exchange Rate. No representation is made that any amount in US$ or HK$ could have been or could be converted at such rate or at any other rates at all.

The actual amount of the Special Dividend on Disposal may be different from the Estimated Minimum Special Dividend on Disposal and the Estimated Maximum Special Dividend on Disposal, but in any event the minimum Special Dividend on Disposal shall be no less than the Estimated Minimum Special Dividend on Disposal.

While the Disposal Consideration will be paid in US$ by the Purchaser, the Company believes that allowing the Special Dividend on Disposal to be paid in HK$ is necessary to facilitate the payment of the Special Dividend on Disposal to the relevant Eligible Shareholders in Hong Kong. Accordingly, the Special Dividend on Disposal will be converted into HK$ and paid to the relevant Eligible Shareholders at the prevailing exchange rate between US$ and HK$ on or before the relevant Distribution Date. Specifically, if Closing occurs, the Closing Payment, and upon release by the Escrow Agent, the Upfront Payment, will be converted into HK$ at the prevailing exchange rate between US$ and HK$ while being paid into the Company Dividend Account. The relevant Eligible Shareholders will bear the exchange risk in relation to the Special Dividend on Disposal during the period until the relevant Distribution Date.

4.2 Payment of the Special Dividend on Disposal

As of the Latest Practicable Date, the Company has not declared any dividend or other distribution which remains unpaid. Save as the proposed declaration of the Special Dividend on Disposal, the Cash Dividend on Property Disposal and the Final Dividend, the Company will not declare, pay or make any other dividends or other distributions to the Shareholders from the Latest Practicable Date up until the Closing Date. Book close dates, the relevant Record Date and Distribution Date of the Special Dividend on Disposal are set out in the "Indicative Timetable" section in Part I of the Circular.

Subject to the approval by the Independent Shareholders with the Approval Threshold at the SGM, the Board will declare the Special Dividend on Disposal in HK$ which will be distributed on a pro rata basis to the relevant Eligible Shareholders as soon as possible but in any event no later than seven (7) business days (as defined under the Takeovers Code) after Closing pursuant to Rule 20.1 of the Takeovers Code.

4.3 Conditions to the Special Dividend on Disposal

The declaration and the payment of the Special Dividend on Disposal is subject to the following conditions:

(a) the Capital Reorganization becoming effective;

(b) the Independent Shareholders having approved the Disposal, the Special Dividend on Disposal and the Proposed Delisting with the Approval Threshold at the SGM; and

(c) the Closing having taken place.

4.4 Comparison of value

(a) Estimated maximum amount of Special Dividend on Disposal payable

As set forth in the section headed "1. Proposed Very Substantial Disposal in relation to Disposal of The Entire Issued Share Capital of Motto Investment Limited – 1.1(c) Disposal Consideration", the Disposal Consideration will be between US$505 million and US$518.42 million. As the Company will distribute the Disposal Consideration received upon Closing in its entirety as Special Dividend on Disposal, the Estimated Maximum Special Dividend on Disposal payable to the relevant Eligible Shareholders is approximately US$518.42 million, representing approximately HK$0.4350 in cash per Share based on the Reference Exchange Rate. For the purpose of this Circular and for illustration purposes only, amounts denominated in US$ have been converted into HK$ using the Reference Exchange Rate. No representation is made that any amount in US$ or HK$ could have been or could be converted at such rate or at any other rates at all. Such amount of the Special Dividend on Disposal represents:

(A) a premium of approximately 110.19% over the last trading price of HK$0.207 per Share as quoted on the Stock Exchange on the Last Trading Date;

(B) a premium of approximately 104.65% over the average closing price of approximately HK$0.213 per Share as quoted on the Stock Exchange for the past 5 trading days up to and including the Last Trading Date;

(C) a premium of approximately 139.06% over the average closing price of approximately HK$0.182 per Share as quoted on the Stock Exchange for the past 30 trading days up to and including the Last Trading Date;

(D) a premium of approximately 163.80% over the average closing price of approximately HK$0.165 per Share as quoted on the Stock Exchange for the past 60 trading days up to and including the Last Trading Date;

(E) a premium of approximately 163.96% over the average closing price of approximately HK$0.165 per Share as quoted on the Stock Exchange for the past 90 trading days up to and including the Last Trading Date;

(F) a discount of approximately 6.43% over the closing price of approximately HK$0.465 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(G) a premium of approximately HK0.103 per Share over the audited consolidated net asset value of the Company attributable to the Shareholders per Share of approximately HK$0.332 as at 31 December 2025.

(b) Estimated minimum amount of Special Dividend on Disposal payable

As set forth in the section headed "1. Proposed Very Substantial Disposal in relation to Disposal of The Entire Issued Share Capital of Motto Investment Limited – 1.1(c) Disposal Consideration", the Disposal Consideration will be between US$505 million and US$518.42 million. As the Company will distribute the Disposal Consideration received upon Closing in its entirety as Special Dividend on Disposal, the Estimated Minimum Special Dividend on Disposal payable to the relevant Eligible Shareholders is approximately US$505 million, representing approximately HK$0.4238 in cash per Share based on the Reference Exchange Rate. In any event, the minimum Special Dividend on Disposal shall be no less than the Estimated Minimum Special Dividend on Disposal. For the purpose of this Circular and for illustration purposes only, amounts denominated in US$ have been converted into HK$ using the Reference Exchange Rate. No representation is made that any amount in US$ or HK$ could have been or could be converted at such rate or at any other rates at all. Such amount of the Special Dividend on Disposal represents:

(A) a premium of approximately 104.75% over the last trading price of HK$0.207 per Share as quoted on the Stock Exchange on the Last Trading Date;

(B) a premium of approximately 99.36% over the average closing price of approximately HK$0.213 per Share as quoted on the Stock Exchange for the past 5 trading days up to and including the Last Trading Date;

(C) a premium of approximately 132.87% over the average closing price of approximately HK$0.182 per Share as quoted on the Stock Exchange for the past 30 trading days up to and including the Last Trading Date;

(D) a premium of approximately 156.97% over the average closing price of approximately HK$0.165 per Share as quoted on the Stock Exchange for the past 60 trading days up to and including the Last Trading Date;

(E) a premium of approximately 157.13% over the average closing price of approximately HK$0.165 per Share as quoted on the Stock Exchange for the past 90 trading days up to and including the Last Trading Date;

(F) a discount of approximately 8.85% over the closing price of approximately HK$0.465 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(G) a premium of approximately HK$0.092 per Share over the audited consolidated net asset value of the Company attributable to the Shareholders per Share of approximately HK$0.332 as at 31 December 2025.

During the Relevant Period, the highest closing price of the Shares was HK$0.470 per Share as quoted on the Stock Exchange on 24 August 2026 and 26 August 2026, and the lowest closing price of the Shares was HK$0.127 per Share as quoted on the Stock Exchange on 3 December 2025 and 4 December 2025.

4.5 Confirmation of Financial Resources

The Company confirms that the entirety of the Special Dividend on Disposal will be financed by the Disposal Consideration. CICC has been appointed as the financial adviser to the Company and is satisfied that funds in an amount equal to the Special Dividend on Disposal to be deposited into the Company Dividend Account on the Closing Date would be exclusively applied towards the Approved Purpose.

The Purchaser intends to finance the Disposal Consideration through a combination of its internal cash resources and the Facility.

J.P. Morgan has been appointed as the exclusive financial adviser to the Purchaser and is satisfied that sufficient financial resources are available to the Purchaser for the payment of the Disposal Consideration in full pursuant to the terms of the Sale and Purchase Agreement.

4.6 Overseas Shareholders

The Special Dividend on Disposal distributed to Shareholders not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Shareholders reside. Such Shareholders should take note of and observe any applicable legal, tax or regulatory requirements.

It is the responsibility of any overseas Shareholders wishing to receive the Special Dividend on Disposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with such acceptance (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities) and the payment of any issue, transfer or other taxes due in any such jurisdiction. If any overseas Shareholders are in doubt as to their positions, they should consult their own professional advisers.

4.7 Proposed Capital Reorganization

(a) Terms of the Capital Reorganization

The Board proposes to implement the Capital Reorganization which will comprise the following:

(i) the Capital Reduction whereby the issued share capital of the Company will be reduced by a cancellation of the paid-up capital of the Company to the extent of HK$0.095 on each of the issued Shares such that the par value of each issued Share will be reduced from HK$0.1 to HK$0.005;

(ii) subject to and conditional upon the Capital Reduction taking effect, the Diminution and Increase, being the cancellation of all the authorized but unissued share capital of the Company (which shall include the authorized but unissued share capital arising from the Capital Reduction) in its entirety and forthwith upon such cancellation, the increase in the authorized share capital of the Company to HK$50,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorized share capital of the Company to HK$50,000,000 divided into 10,000,000,000 New Shares;

(iii) the Share Premium Reduction whereby the entire amount standing to the credit of the share premium account of the Company will be cancelled; and

(iv) the transfer of the credits arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act and the granting of authorization to the Board to use the contributed surplus account of the Company in whole or in part in any manner permitted by the laws of Bermuda and the Bye-laws in effect from time to time without further authorization from the Shareholders, including but not limited to the payment in whole or in part of the Special Dividend on the Disposal and any further distributions to the Shareholders as and when the Board considers appropriate.

(b) Effect of the Capital Reorganization

Assuming that there is no change in the issued share capital of the Company during the period from the Latest Practicable Date to the day immediately prior to the effective date of the Capital Reorganization, the following table sets out the impact on the share capital structure of the Company as a result of the Capital Reorganization

	As at the Latest Practicable Date	**Immediately upon the Capital Reorganization taking effect**
Nominal or par value	HK$0.1 each Existing Share	HK$0.005 each New Share
Amount of the authorized share capital	HK$1,000,000,000	HK$50,000,000
Number of authorized shares	10,000,000,000 Existing Shares	10,000,000,000 New Shares
Number of issued shares	9,303,374,783 Existing Shares	9,303,374,783 New Shares
Amount of the issued share capital	HK$930,337,478.30	HK$46,516,873.91

(c) Conditions for the Capital Reorganization

The implementation of the Capital Reorganization is conditional upon:

(i) the Closing having occurred;

(ii) the passing of the special resolution approving the Capital Reorganization by the Shareholders at the SGM;

(iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be allotted and issued by the Company after the Capital Reorganization becomes effective;

(iv) compliance with section 46(2) of the Companies Act, including the Directors being satisfied that on the date on which the Capital Reduction and the Share Premium Reduction are to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction and the Share Premium Reduction would be, unable to pay its liabilities as they become due;

(v) the compliance with the relevant procedures and requirements under the Bye-laws, the laws of Bermuda and the Listing Rules to effect the Capital Reorganization; and

(vi) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganization.

As at the Latest Practicable Date, except for condition (iv), none of the above conditions has been fulfilled. Subject to the above conditions being fulfilled, the Capital Reorganization is expected to become effective on the Closing Date. The Special Dividend on Disposal is conditional upon, among others, the Capital Reorganization becoming effective for the reasons elaborated in paragraph headed "(g) Reasons for the Capital Reorganization" of this subsection below.

(d) Status of the New Shares

The New Shares shall rank *pari passu* in all respects with each other within the same class and have the same rights and be subject to the restrictions in respect of ordinary shares contained in the Memorandum of Association and Bye-laws of the Company. The Capital Reorganization will not result in any change in the rights of the Shareholders.

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares to be allotted and issued by the Company after the Capital Reorganization becomes effective.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the securities (whether equity or debt securities) of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

(e) Board lot size

The existing board lot of 2,000 Shares will remain unchanged after the Capital Reorganization becomes effective.

(f) Free exchange of share certificates

Subject to the Capital Reorganization having taken effect, Shareholders may, during business hours from Wednesday 30 September 2026 to 4:30 p.m. on Monday, 12 October 2026 (both days inclusive), submit their Existing Share Certificates for the Existing Shares (in yellow colour) to the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in exchange for the New Share Certificates for the New Shares (in purple colour) at the expense of the Company. Thereafter, the Existing Share Certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such amount as may from time to time prescribed in the Listing Rules) payable by the Shareholders for each Existing Share Certificate or New Share Certificate, whichever number of certificates is higher.

Nevertheless, Existing Share Certificates will continue to be good evidence of legal title and will be valid for delivery, trading and settlement purposes after the Capital Reorganization has taken effect.

(g) Reasons for the Capital Reorganization

Under the applicable Bermuda laws and the Bye-laws, the Company in general meeting may make a distribution to the Shareholders out of any contributed surplus but is restricted from funding distribution out of its share premium account or share capital. The Capital Reorganization is intended to create additional credits in the contributed surplus account of the Company to the effect that the Company would have sufficient reserves available for distribution to fund the payment of the Special Dividend on the Disposal and any further distributions to the Shareholders as and when the Board considers appropriate. As at 30 June 2026, the Company's reserves available for distribution amounted to HK$130 million. As illustrated in the table below, taking into account the expected disposal gain of approximately HK$1,642 million arising from the Disposal, the potential payment of the Cash Dividend on the Property Disposal of approximately HK$68 million and reclassification of asset revaluation reserve of HK$131 million to retained earnings on the Property Disposal and assuming there is no other change to the Company's reserves available for distribution, the portion of the Special Dividend on the Disposal of approximately HK$4,048 million that exceed the Company's reserves available for distribution after paying the Cash Dividend on the Property Disposal amounts to approximately HK$2,213 million. The relevant data referred to herein is made from the perspective of the Company's individual financial statements and is based on the scenario of the Estimated Maximum Special Dividend on Disposal of approximately US$518.42 million.

		Approximate amount of the Company's reserves available for distribution(Note) *(HK$ million)*
As at 30 June 2026		130
Add:		
	(1) *Disposal* Expected disposal gain arising from the Disposal	1,642
	(2) *Property Disposal and the Cash Dividend on the Property Disposal* Reclassification of asset revaluation reserve of approximately HK$131 million to retained earnings on the Property Disposal, less Cash Dividend on the Property Disposal of approximately HK$68.02 million	63
Subtotal		1,835
Minus:	Special Dividend on the Disposal	4,048
Shortfall if the Capital Reorganization does not occur		(2,213)
Add:	Additional credits as a result of the Capital Reorganization	2,742
Balance		**529**

Note: The Company's contributed surplus is part of the Company's reserves available for distribution which comprises (i) contributed surplus and (ii) retained profits.

The Capital Reorganization is expected to increase the Company's reserves available for distribution by approximately HK$2,742 million. Upon the Capital Reorganization becoming effective, assuming there is no other change to the Company's reserves available for distribution, the Company's reserves available for distribution after paying the Special Dividend on the Disposal and the Cash Dividend on the Property Disposal would amount to approximately HK$529 million. The Board will declare further special dividend on its remaining cash out of such reserves available for distribution subject to the Company finalizing the necessary reserves for its payment obligations incurred or to be incurred up to the winding-up of the Company. Please refer to section headed "5. Proposed Withdrawal of Listing of the Company – 5.3 Surplus Cash after Distribution of the Special Dividend on Disposal and the Cash Dividend on Property Disposal" for further details. The Company will make further announcement(s) on the website of the SFC (www.sfc.hk) as and when appropriate.

Given that (i) the Company had insufficient reserves available for distribution to fund the payment of the Special Dividend on the Disposal in its entirety; and (ii) the Directors are of the view that there are no reasonable grounds for believing that the Company is, or after the Capital Reduction, the Share Premium Reduction, the Crediting of Contributed Surplus, the Special Dividend on the Disposal becoming effective would be, unable to pay its liabilities as they become due or that the realizable value of the Company's assets would be less than its liabilities, the Board considers that the Capital Reorganization is the most appropriate method to make up the shortfall in the Company's reserves available for funding the payment of the Special Dividend on the Disposal. The Board is satisfied that the Capital Reorganization is in the best interests of the Company and the Shareholders as a whole.

A special resolution will be proposed at the SGM to approve, among others, the Capital Reorganization.

5. PROPOSED WITHDRAWAL OF LISTING OF THE COMPANY

5.1 Rationale for the Proposed Delisting

For the financial year ended 31 December 2025, revenue from the Business accounted for 100% of the total revenue of the Group. Furthermore, upon Closing, the Remaining Group will have no business and consist substantially of cash.

Immediately after the distribution and the payment of the Special Dividend on Disposal and without taking into account the Property Disposal, the assets of the Remaining Group will consist substantially of cash. While apart from cash, the Company will also hold the Remaining Assets, the Remaining Assets include (i) the Property (if the Property Disposal does not take place), the book value of which accounts for approximately 2.62% of the total assets of the Company as of 31 December 2025 and (ii) the Remaining Group's interests in CATIC Helicopter (H.K.) Limited and Brilliant Crown International Limited, the net book value of which after taking into impairment provision, is nil as of 31 December 2025. Accordingly, the Board is of the view that, as a result of the Disposal, the Company will not have a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of its securities pursuant to Rule 13.24(1) of the Listing Rules, and the Company should be delisted from trading on the Stock Exchange in accordance with the applicable regulatory requirements. Therefore, it is proposed that, upon completion of the Disposal, the Company shall voluntarily withdraw its listing on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, further details of which are set out in the section headed "6. Implications under the Takeovers Code and the Listing Rules – 6.2 Application of the Listing Rules" of this Circular.

5.2 Conditions for the Proposed Delisting

The Proposed Delisting is subject to the following conditions:

(a) the Independent Shareholders having approved the Disposal, the Special Dividend on Disposal, and the Proposed Delisting with the Approval Threshold at the SGM;

(b) the Closing having taken place; and

(c) the distribution and the payment of the Special Dividend on Disposal on the relevant Distribution Date.

Immediately upon the fulfillment of all the above conditions, the Company will apply to the Stock Exchange for withdrawal of the listing of its Shares in accordance with Rule 6.15(2) of the Listing Rules. In accordance with paragraph 3.3 of the Guide on Distribution of Dividends and Other Entitlements published by the Stock Exchange, the last day for trading in the Shares would fall at least one (1) Business Day after the SGM. The Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares on the Stock Exchange and the day on which the withdrawal of the listing of the Shares on the Stock Exchange will be effective. Following the withdrawal of the listing of the Company from the Stock Exchange, the Company will publish announcements on the website of the SFC and the Company in a timely manner to inform Shareholders of details relating to the distribution of cash proceeds (if any) from the winding up of the Company to the Shareholders.

5.3 Surplus Cash after Distribution of the Special Dividend on Disposal and the Cash Dividend on Property Disposal

In addition to the Special Dividend on Disposal and the Cash Dividend on Property Disposal, the Board will declare further special dividend on its remaining cash out of the Company's reserves available for distribution subject to the Company finalizing the necessary reserves for its payment obligations (including but not limited to the Company Transaction Expenses, any Leakage amount, working capital amount and costs and expenses associated with completing the Winding Up Proposal) incurred or to be incurred up to the winding-up of the Company. As the Company is not in the position to determine the amount of such reserves until, after the Closing, the difference between the actual Leakage amount and the Pre-Closing Notified Leakage Amount is confirmed. Therefore, the declaration of such further dividend can only be made after the Closing occurs. Under the Sale and Purchase Agreement, the Company and the Purchaser will, acting in good faith, promptly confirm and settle any Leakage as soon as possible.

Specifically, on the basis that Closing occurs, (i) if the Purchaser does not make any claim for the difference between the actual Leakage amount and the Pre-Closing Notified Leakage Amount (if any) within three (3) months after the Closing Date pursuant to the Sale and Purchase Agreement, the Company intends to finalize such necessary reserves and declare further special dividend on its remaining cash within the six (6) months after the Closing Date; or (ii) if the Purchaser does make valid claim(s) for the difference between the actual Leakage amount and the Pre-Closing Notified Leakage Amount (if any) within that three (3) months period, the Company intends to finalize such necessary reserves and declare further special dividend on its remaining cash (if any) as soon as practicable after settlement of such claim(s). The Company will make further announcement(s) on the website of the SFC (www.sfc.hk) as and when appropriate. Please refer to the sections headed "1. Proposed Very Substantial Disposal in relation to Disposal of the Entire Issued Share Capital of Motto Investment Limited – 1.1 the Sale and Purchase Agreement – (c) the Disposal Consideration" and "1. Proposed Very Substantial Disposal in relation to Disposal of the Entire Issued Share Capital of Motto Investment Limited – 1.1 the Sale and Purchase Agreement – (j) No Leakage" of this Circular for further details on Leakages.

5.4 Winding Up

Upon the Proposed Delisting becoming effective, the Company may continue to be a public company under the Takeovers Code if, taking into account the number of Hong Kong Shareholders, the extent of share trading in Hong Kong and the location of its head office, place of central management and its business and assets, the Executive determines that the Company should be so regarded.

The Directors will resolve to wind up the Company voluntarily as soon as practicable following payment of the Special Dividend on Disposal, the Cash Dividend on Property Disposal, any further dividend on its surplus cash and the full settlement of outstanding liabilities of the Group (if any).

Pursuant to Bye-law 176 of the Bye-laws, if the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, but all subject to the rights of any shares which may be issued on special terms and conditions.

Pursuant to Bye-law 175 of the Bye-laws, the Winding Up Proposal shall be approved by way of a special resolution, namely a resolution of Shareholders passed by a majority of not less than three-fourths of the votes cast by Shareholders (whether in person or through a proxy or authorized representative) who are entitled to vote for such resolution at a general meeting of the Company. A copy of the notice convening the special general meeting for the purpose of approving the Winding Up Proposal, together with the proposed Shareholders' resolutions and the liquidation plan, will be published on the websites of the Company (https://www.cath.com.hk) and the SFC (http://www.sfc.hk) with at least fourteen (14) days' notice.

Independent Shareholders are reminded that after the withdrawal of listing of the Shares on the Stock Exchange but prior to the completion of the winding up process, the Independent Shareholders will be holding securities that are not listed on the Stock Exchange and the liquidity of such shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code after the completion of the Proposals depending on whether it remains as a public company (within the meaning of the Takeovers Code) in Hong Kong thereafter. Independent Shareholders should also note that if they do not agree to the terms of the Proposals, which comprise the Disposal, the Special Dividend on Disposal and the Proposed Delisting, they can vote against the relevant resolution(s) at the SGM. If more than 10% of the disinterested Shares are voted against the Proposals, the Company will not proceed with the Proposals and will remain listed on the Stock Exchange.

It is expected that a voluntary liquidator will be engaged by the Company, who will be responsible for realizing any remaining value in the assets remaining in the Company at the time of commencement of the Winding Up Proposal, which will comprise the Remaining Assets and any remaining cash and cash equivalent. The relevant Eligible Shareholders will be entitled to receive on a pro-rata basis any cash proceeds from the sale of such assets during the voluntary liquidation process (after full settlement of any claims from creditors, the fees and expenses incurred in relation to the Proposals and the costs of the winding up). However, it is anticipated that after payment of the Special Dividend on Disposal, the Cash Dividend on Property Disposal and any further dividend on its surplus cash, no material cash will be available for distribution upon the winding up of the Company. The Company will publish further announcements on its website (https://www.cath.com.hk) and the website of the SFC (http://www.sfc.hk) advising Shareholders of the timetable of the Winding Up Proposal, the entitlements (if any) of the Eligible Shareholders upon the winding up of the Company and the timing of payment in respect of such entitlements in accordance with the terms of the Winding Up Proposal.

To qualify for entitlement with respect to the Winding Up Proposal (if any), the Shareholders, transferees of the Shares or their successors in title should ensure that their Shares are registered or lodged for registration in their names or in the name(s) of their nominees (including HKSCC Nominees) with the Hong Kong Share Registrar before 4:30 p.m. on Friday, 25 September 2026 or such other date(s) as may be notified by the Company to the Shareholders by way of a further announcement.

Cheques for the payment of the entitlements, if any, upon the winding up of the Company will be despatched to the Eligible Shareholders as soon as practicable following completion of the Winding Up Proposal. In the absence of any specific instructions to the contrary received in writing by the Hong Kong Share Registrar before the relevant Record Date, cheques will be sent to the Shareholders at their respective addresses appearing in the registers of Shareholders of the Company on the relevant Record Date (or, in the case of joint holders, to the registered address of that joint holder whose name appears first in the registers of Shareholders of the Company on the relevant Record Date) by ordinary post at the risk of the relevant Shareholder. The Company and the Hong Kong Share Registrar will not be responsible for any loss or delay in despatch of the cheques. For Shareholders whose Shares are held in CCASS, arrangements will be made with HKSCC Nominees for any amounts due to them as a result of the winding up of the Company to be paid to them through CCASS in accordance with the CCASS Operational Procedures.

6. IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE LISTING RULES

6.1 Application of Note 7 to Rule 2 of the Takeovers Code

Pursuant to Note 7 to Rule 2 of the Takeovers Code, if a company proposes to dispose of its assets and/or operations, and, either, (i) as a result of such proposal the company may not be regarded as suitable for listing for the purpose of the Listing Rules; or (ii) there is a proposal to withdraw the company's listing on the Stock Exchange, the Executive would normally apply Rule 2.10, which is applicable to takeover and privatization by scheme of arrangement or capital reorganization, and other requirements of the Takeovers Code. Therefore, the Proposals would need to be approved by the Independent Shareholders with the Approval Threshold at the SGM.

6.2 Application of the Listing Rules

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal under the Sale and Purchase Agreement exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Proposals, which involve a disposal of assets by the Company and a subsequent withdrawal of the listing of the Company on the Stock Exchange, are subject to Note 7 to Rule 2 of the Takeovers Code. Therefore, the Proposals are subject to Rule 2.10 of the Takeovers Code, which is applicable to takeover and privatization by scheme of arrangement or capital reorganization. Accordingly, subject to (among others) the fulfillment of all relevant requirements under the Takeovers Code, including the satisfaction of the Approval Threshold, the Company will be seeking to withdraw its listing on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, which is applicable to cases where an issuer is privatized by way of a scheme of arrangement or capital reorganization which is governed by the Takeovers Code and all the relevant requirements (including the shareholders' approval requirements) under the Takeovers Code have been complied with.

6.3 SGM and Approval Threshold

In compliance with the Listing Rules and the Takeovers Code, the Board proposes to submit the Proposals, which are comprised of the Disposal, the Special Dividend on Disposal, and the Proposed Delisting, for approval at the SGM by way of a combined resolution subject to the Approval Threshold, being:

(a) the approval (by way of poll) by the Independent Shareholders representing at least 75% of the votes attaching to the Shares held by all Independent Shareholders voting either in person or by proxy at the SGM; and

(b) the number of votes cast against the relevant resolution (by way of poll) by the Independent Shareholders present and voting either in person or by proxy at the SGM is not more than 10% of the votes attaching to the Shares held by all Independent Shareholders.

None of the Shareholders is materially interested in the Proposals, and therefore, no Shareholder is required to abstain from voting on the resolutions in relation to the Proposals.

CICC is the financial adviser to the Company in relation to the Proposals. CICC and the relevant members of the CICC group which hold Shares on their own account or discretionary managed basis are presumed to be acting in concert with the Company in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of "acting in concert" under the Takeovers Code (except in respect of the Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code). Exempt principal traders and exempt fund managers which are connected for the sole reason that they control, are controlled by or are under the same control as CICC are not presumed to be acting in concert with the Company. However: (a) Shares held by any member of the CICC group acting in the capacity of an exempt principal trader will not be voted at the SGM in accordance with the requirements under Rule 35.4 of the Takeovers Code unless otherwise confirmed with the Executive; and (b) Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the SGM if: (i) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares; (iii) all voting instructions shall originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for such Shares held by such member of the CICC group); and (iv) such non-discretionary client is entitled to vote at the SGM.

If the Proposals are not approved at the SGM, it is the intention of the Company to continue the Business of the Target Group. Therefore, it is expected that there is no material adverse financial or operational impact on the Group if the Proposals are not approved at the SGM.

6.4 Irrevocable Undertaking

As of the Latest Practicable Date, each of the Controlling Shareholders has provided an Irrevocable Undertaking to each of the Purchaser and the Company, pursuant to which:

(A) Each of the Controlling Shareholders agreed not to:

(a) sell, transfer or otherwise dispose of any interest in any of its respective Shares;

(b) accept any general offer in respect of the Shares;

(c) vote in favor of any resolution to approve any proposal or transaction in respect of the Company which is proposed in competition with the Proposals; and

(d) (other than pursuant to the Proposals) enter into any agreement or arrangement, incur any obligation or give any indication of intent:

(i) to do any of the acts referred to in paragraphs (a) to (c) above; or

(ii) which would or might restrict or impede the Controlling Shareholder voting the Shares in favor of the Proposals,

(B) Each of the Controlling Shareholders agreed that it shall exercise all voting rights attaching to its respective Shares to vote:

(a) in favor of all resolutions to approve the Proposals, and any related matters, proposed at the SGM, if and when the SGM is convened; and

(b) in favor of any resolutions proposed at any general meeting of the Company's shareholders in such a way which will facilitate or assist the implementation of the Proposals, if and when such general meeting is convened.

The Controlling Shareholders are collectively interested in 4,316,900,390 Shares (representing approximately 46.4% of the total number of Shares in issue). Further details of the existing holding of voting rights and rights over the Shares by AVIC Innovation (HK) Group and Tacko are described in the section headed "3. Information on the Company, the Purchaser, the Equity Financing Sources and the Target Group – 3.1. The Company – (b) Shareholding structure of the Company".

Each Irrevocable Undertaking shall terminate:

(a) if the Proposals are not approved at the SGM;

(b) if the Proposals lapse or are withdrawn in accordance with the terms as set out in the Joint Announcement or the Sale and Purchase Agreement; or

(c) by mutual agreement of the Purchaser and the relevant Controlling Shareholder.

7. REASONS FOR AND BENEFITS OF THE PROPOSALS

7.1 For the Shareholders

The price and trading liquidity of the Shares were at a low level over an extended period of time. The Shares were traded at a discount to the net asset value per Share of the Company for the past 2 years. The highest closing price of the Shares for the 12 months up to and including the Last Trading Date was HK$0.225 per Share. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Date was approximately 27,703,549 Shares per day, representing only approximately 0.30% of the total issued Shares as at the Last Trading Date. The low trading liquidity of the Shares imposes difficulties for Shareholders to monetize their Shares through executing on market disposals (if at all possible) without affecting the prevailing Share price.

The Proposals provide the Shareholders with an opportunity to realize their investment in the Company at a reasonable premium over the historical closing prices of the Shares and the net asset value of the Group, in circumstances where retaining a stake in the Company does not provide any certainty for Shareholders to realizing a return on their investments. The Estimated Maximum Special Dividend on Disposal and the Estimated Minimum Special Dividend on Disposal represent premiums of approximately 163.96% and 157.13% respectively over the Company's average closing price for the 90 trading days up to and including the Last Trading Date. As such, the Proposals present an immediate opportunity for the Shareholders to realize value from their investments in the Shares at a reasonable premium from the perspective of the historical closing prices of the Shares.

The Directors consider the emergence of an attractive competing proposal with a credible path to completion to be unlikely. The Controlling Shareholders (collectively holding approximately 46.40% of the issued Shares) have each given an irrevocable undertaking under which they have, among other things, undertaken not to dispose of their Shares, not to accept any general offer for the Shares and not to vote in favor of any competing proposal, and to vote in favor of the resolutions to approve and facilitate implementation of the Proposals. Accordingly, any third party would face materially reduced execution certainty and a higher practical threshold to secure sufficient shareholder support within a reasonable timeframe.

7.2 For the Company

The Disposal provides the Company with a rare opportunity to monetize its aviation aircraft piston engine business. The price and trading liquidity of the Shares were at a low level over an extended period of time. Given the downward trend of the closing price of the Shares in recent years, the Company does not expect any significant improvement in the prospects for equity financing in the short run. Therefore, the Company's current listing status on the Stock Exchange may not provide any meaningful benefit in terms of fundraising in support of continuous investment to bring the Company's operations to a level that could generate significant return to the Company and the Shareholders. Accordingly, from a commercial standpoint, the Disposal, from which the Company expects to realize an unaudited gain of the Group on disposal of approximately HK$1,598 million upon Closing, would allow the Company to unlock the value of its investments in the Business and provide the Shareholders with an immediate opportunity to monetize their Shares.

In view of the reasons and benefits above, the Directors (including the Independent Board Committee, who have expressed their view in the letter from the Independent Board Committee set out in Part IV of this Circular after receiving advice from the Independent Financial Adviser) are of the view that (a) the terms and conditions of the Proposals are fair and reasonable; and (b) the Proposals are in the interests of the Company and the Shareholders as a whole.

7.3 For the Purchaser

From the Purchaser's perspective, the Disposal represents an attractive opportunity to invest in an established aviation aircraft piston engine business with a view to supporting the Target Group's further growth and development in the aerospace sector in the United States.

8. CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL OF PROPERTY

8.1 Background

On 5 June 2026, the Company entered into the Property Sale and Purchase Agreement, pursuant to which, the Company conditionally agreed to sell and AVIC Innovation (HK) Group has conditionally agreed to purchase the Property at the Property Disposal Consideration of HK$69.5 million (approximately HK$13.2 thousand per square feet). As of the Latest Practicable Date, the Company directly owns the Property as its legal and beneficial owner and the Property is the only landed property owned by the Company. The Property Disposal Consideration was determined after arm's length negotiation between the Company and AVIC Innovation (HK) Group with reference to the prices of comparable properties identified by the Company on its best effort basis based on information then available to the Company the selection criteria of: (i) location, which should be located at the same area with a close proximity to the Property; (ii) similar property nature (i.e. property for office use); (iii) similar age to the Property (i.e. properties built in the 1980s); and (iv) time, which should be transacted within a reasonable period before the date of the Property Sale and Purchase Agreement (i.e. past three years from the date of the Property Sale and Purchase Agreement) to ensure there were sufficient comparable properties that met the characteristics of the Property. The comparable properties, which were exhaustively collected on a best-effort basis with the foregoing selection criteria, are summarized as follows:

Location of the Comparable Property(ies)	**Average Price per Square Feet of Comparable Property(ies) Located in the Same Building** *(Thousands)*
United Centre	HK$9.8
Admiralty Centre Tower 1	HK$13.3
Admiralty Centre Tower 2	HK$13.1
Lippo Centre Tower 1	HK$13.4
Lippo Centre Tower 2	HK$14.2
Average of all Comparable Properties	**HK$13.6**

Given that the selection criteria align with the characteristics of the Property and the comparable properties identified are exhaustive based on selection criteria above, the comparable properties are considered representative.

The illiquid nature of the property trading and the market trend of the Hong Kong office sector were also taken into account. According to Hong Kong Property Review 2026 published by the Rating and Valuation Department, throughout the period from 2021 to 2025, vacancy of private offices in Hong Kong rose continuously from 12.3% to 17.6% of the total stock, and office prices dropped throughout 2025 by 13.6% in the last quarter of 2025 over the same period in 2024.

The Company noted that the average price per square feet of the above comparable properties is approximately HK$13.6 thousand. Hence, the Property Disposal Consideration represents a slight discount of approximately 2.9% of the average price of the comparable properties. Further, as mentioned in the Joint Announcement, given fluctuation of the property market, the Company would engage an independent valuer to determine the fair value of the Property closer to and prior to publication of the Circular. If the valuation of the Property in the Valuation Report is higher than the Property Disposal Consideration, the Company will re-negotiate with AVIC Innovation (HK) Group on the Property Disposal Consideration. As stated in the Valuation Report issued by the Independent Valuer in Appendix VI of the Circular, the valuation of the Property as at the date of the Property Sale and Purchase Agreement (i.e., 5 June 2026) is HK$69.3 million, which is lower than the Property Disposal Consideration. As such, adjustment to the Property Disposal Consideration is not required. Taking into consideration of (i) the valuation of the Property as stated in the Valuation Report issued by the Independent Valuer in Appendix VI of the Circular which is HK$69.3 million and hence lower than the Property Disposal Consideration; (ii) the illiquid trading of properties for office use in the United Centre (which, based on the data available to the Company, only recorded one transaction for property for office use in the past three years) as well as the overall illiquid nature of the office sector property market in Hong Kong as noted above; and (iii) the reasons for and benefits of the Property Disposal set forth in the section headed "8. Connected Transaction and Special Deal in relation to the Disposal of Property – 8.6 Reasons for and Benefits of the Property Disposal" of this Circular, the Directors (including members of the Independent Board Committee, who have expressed their view in the letter from the Independent Board Committee set out in Part IV of this Circular after receiving advice from the Independent Financial Adviser) is of the view that applying a slight discount of approximately 2.9% to the comparable properties is fair and reasonable. Although the Company has recorded an unaudited estimated loss of approximately HK$37 million during the six months ended 30 June 2026, such unaudited estimated loss is merely the result of the accounting treatment set forth in the section headed "8. Connected Transaction and Special Deal in relation to the Disposal of Property – 8.4 Financial Impact and Use of Proceeds" of this Circular. In view of the fact that (a) the Property Disposal Consideration was determined following arm's length negotiations between the Company and AVIC Innovation (HK) Group; (b) the Property Disposal Consideration was assessed in terms of its reasonableness and fairness by comparing the average price per square feet of the Property with that of the comparable properties as mentioned above and is in line with the average price of the market comparables noted by the Company; (c) the Property Disposal

Consideration exceeds the valuation of the Property as stated in the Valuation Report issued by the Independent Valuer in Appendix VI of the Circular; (d) the illiquid trading of property for office use in the building in which the Property is located; (e) the uncertainty in the market trend of the Hong Kong office sector as noted above; and (f) the reasons for and benefits of the Property Disposal set forth in the section headed "8. Connected Transaction and Special Deal in relation to the Disposal of Property – 8.6 Reasons for and Benefits of the Property Disposal" of this Circular, the Property Disposal Consideration is fair and reasonable.

8.2 The Property Sale and Purchase Agreement

The principal terms of the Property Sale and Purchase Agreement are set out as follows:

Date:	5 June 2026
Parties:	(i) The Company, as the seller; and (ii) AVIC Innovation (HK) Group as the purchaser
Consideration and basis of determination:	The Property Disposal Consideration of HK$69.5 million, determined after arm's length negotiation between the Company and AVIC Innovation (HK) Group with reference to the prevailing market prices of comparable properties of similar nature and age in the vicinity which are presently available to the Company, shall be paid and satisfied by AVIC Innovation (HK) Group to the Company by payment in cash.
Property Disposal Condition:	The Property Disposal is subject to the following condition: the approval of the Property Disposal by the CT Independent Shareholders at the SGM by ordinary resolution.

8.3 Basic Information on the Property

The specific details of the Property are as follows:

Owner of the Property: The Company

Location of the Property: Office B on 15th Floor, United Centre, No.95 Queensway, Hong Kong

Total gross floor area stated: 5,264 square feet (equivalent to approximately 489 square meters)

There are no mortgages, pledges or any restrictions on the transfer of the Property, no litigation, arbitration or judicial measures such as seizure or freezing, and there are no other circumstances that would impede the transfer of ownership.

8.4 Financial Impact and Use of Proceeds

The Property was initially held as an investment property in 2019. When the Property was transferred from investment property to owner-occupied property in April 2022, based on valuation performed by LCH (Asia-Pacific) Surveyors Limited, its fair value was approximately HK$124.5 million as disclosed in the Company's 2022 annual report which served as the basis for subsequent measurement. Depreciation was subsequently recognized on a straight-line basis over its remaining useful life. As a result, the net book value of the Property as of 31 December 2025 was approximately HK$107.52 million. As stated in the Valuation Report issued by the Independent Valuer in Appendix VI of the Circular, the valuation of the Property as at the date of the Property Sale and Purchase Agreement (i.e., 5 June 2026) is HK$69.3 million, which is lower than the Property Disposal Consideration. Given that the valuation of the Property as stated in the Valuation Report is HK$69.3 million and the Property Disposal Consideration is HK$69.5 million, the net book value of the Property is not reflective of its market value. Based on net book value before provision for estimated loss arising from remeasurement of assets classified as held for sale as at 30 June 2026 of approximately HK$105 million, related cost of disposal and the Property Disposal Consideration, the Company has recorded an unaudited estimated loss of approximately HK$37 million during the six months ended 30 June 2026.

All the net proceeds from the Property Disposal will be used for distribution of the Cash Dividend on Property Disposal to the relevant Eligible Shareholders. See the paragraph immediately below for further details.

8.5 Proposed Declaration of Cash Dividend on Property Disposal

The Board proposes that, subject to (i) the CT Independent Shareholders having approved the Property Disposal and the Cash Dividend on Property Disposal at the SGM; and (ii) the Property Disposal having completed, it will dispose of the Property and distribute the Property Disposal Consideration (after deduction of stamp duty) in its entirety as Cash Dividend on Property Disposal on a pro rata basis to the relevant Eligible Shareholders.

The Property Disposal Consideration (after deduction of stamp duty) will be approximately HK$68.02 million. Therefore, assuming there will be no change in the number of Shares in issue prior to the relevant Record Date, the Cash Dividend on Property Disposal will be approximately HK$68.02 million, which will amount to approximately HK0.73 cent in cash per Share. Book close dates, the relevant Record Date and Distribution Date of the Cash Dividend on Property Disposal are set out in the "Indicative Timetable" section in Part I of the Circular.

Provided that the Property Disposal Consideration (after deduction of stamp duty) has been received within a reasonable period before the distribution of the Special Dividend on Disposal, the Company intends to distribute the Property Disposal Consideration to the relevant Eligible Shareholders on the same day on which the Special Dividend on Disposal is distributed.

For the avoidance of doubt, the Cash Dividend on Property Disposal does not form part of the Proposals, is not inter-conditional with the Disposal or the Special Dividend on Disposal and is not subject to approval by Independent Shareholders with the Approval Threshold at the SGM.

8.6 Reasons for and Benefits of the Property Disposal

The Property Disposal enables the Company to realize the value of non-core assets of the Company and to distribute the net proceeds of the Property Disposal as Cash Dividend on Property Disposal to the relevant Eligible Shareholders.

The Company decided to dispose of the Property to AVIC Innovation (HK) Group, a substantial shareholder of the Company, instead of an Independent Third Party for the following reasons: (i) AVIC Innovation (HK) Group is cooperative to proceed with the Property Disposal swiftly; (ii) disposing of the Property to AVIC Innovation (HK) Group swiftly enables the Company to distribute the Cash Dividend on Property Disposal earlier to the relevant Eligible Shareholders, avoiding delay, uncertainty, inconvenience, and expense incurred from searching for a third-party buyer or (if no buyer is identified) the protracted process in the winding up of the Company; and (iii) AVIC Innovation (HK) Group agreed to purchase the Property at its fair value and agreed with the mechanism to adjust the Property Disposal Consideration in case the valuation of the Property in the Valuation Report is higher than the Property Disposal Consideration.

Having considered the benefit of disposing of the Property to AVIC Innovation (HK) Group as elaborated above and the fairness and reasonableness of the Property Disposal Consideration as set forth in the section headed "8. Connected Transaction and Special Deal in relation to the Disposal of Property –8.1 Background" of this Circular, the Directors (including the non-executive Directors and independent non-executive Directors, who have expressed their view in the letter from the Independent Board Committee set out in Part IV of this Circular after receiving advice from the Independent Financial Adviser) are of the view that the Property Disposal is carried out upon arm's length negotiations between both parties, conducted on normal commercial terms, being fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8.7 Implications under the Listing Rules

As at the Latest Practicable Date, AVIC Innovation (HK) Group is a substantial shareholder and connected person of the Company. The Property Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the transaction contemplated under the Property Sale and Purchase Agreement is less than 5% but the consideration is more than HK$3,000,000, the Property Disposal is exempt from circular (including independent financial advice) and approval by the independent Shareholders under Chapter 14A of the Listing Rules.

8.8 Implications under the Takeovers Code

As the Property Disposal is an arrangement involving AVIC Innovation (HK) Group, a substantial shareholder of the Company, and such arrangement is not extended to all Shareholders, the Property Disposal constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code and requires the consent of the Executive. The Company will make an application to seek the consent of the Executive for the Property Disposal as a special deal and such consent, if granted, will be subject to: (a) the Independent Financial Adviser publicly stating that in its opinion the terms of the Property Disposal are fair and reasonable; and (b) the approval of the Property Disposal by ordinary resolution by the CT Independent Shareholders by way of poll at the SGM.

In the event that the Property Disposal is not approved at the SGM, the Company will use its best endeavor to dispose of the Property until it is disposed of prior to its winding up, including but not limited to disposing of the Property to any Independent Third Party, and to distribute the net proceeds as dividend to the relevant Eligible Shareholders as soon as practicable. The Company will only distribute the net proceeds from the sale of the Property during the voluntary liquidation process to the relevant Eligible Shareholders as a last resort. Further, it is expected that there is no material adverse financial or operational impact on the Group if the Property Disposal is not approved at the SGM.

For the avoidance of doubt, the Property Disposal and the Disposal are independent and separate transactions, and are not inter-conditional.

8.9 Information on the Company and AVIC Innovation (HK) Group

The Company

Please refer to the section headed "3. Information on the Company, the Purchaser, the Equity Financing Sources and the Target Group – 3.1. The Company" for the information of the Company.

AVIC Innovation (HK) Group

AVIC Innovation (HK) Group is principally engaged in investment holding. AVIC Innovation (HK) Group is a wholly owned subsidiary of AVIC Innovation, which is in turn a wholly owned subsidiary of AVIC. AVIC is 100% controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

9. INDEPENDENT BOARD COMMITTEE, APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER AND CIRCULAR DESPATCH

The Independent Board Committee has been formed to advise the (A) Independent Shareholders as to (a) whether the Proposals are fair and reasonable and in the interests of the Independent Shareholders as a whole, and (b) whether to vote in favor of the Proposals at the SGM; and (B) the CT Independent Shareholders as to (a) whether the Property Disposal is fair and reasonable and in the interests of the CT Independent Shareholders as a whole, and (b) whether to vote in favor of the Property Disposal at the SGM. Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee is comprised of Mr. Chow Wai Kam, Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Zhang Ping, being all non-executive Directors who have no direct or indirect interest in the Proposals and the Property Disposal. The advice and recommendations of the Independent Board Committee are set out in Part IV of this Circular.

Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposals and the CT Independent Shareholders in respect of the Property Disposal. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

10. RELEVANT SECURITIES OF THE COMPANY

As of the Latest Practicable Date, save as disclosed the section headed "3. Information on the Company, the Purchaser, the Equity Financing Sources and the Target Group – 3.1 the Company – (b) Shareholding structure of the Company" in this Part III of this Circular, the Company has no other outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

11. THE SGM

A notice convening the SGM to be held at 11:00 a.m., on Monday, 21 September 2026 is set out on pages SGM-1 to SGM-4 of this Circular. Whether or not you are able to attend the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for the holding of the SGM (i.e. at or before 11:00 a.m., on Saturday, 19 September 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

Voting at the SGM will be taken by poll as required under the Takeovers Code. The Company will make an announcement in relation to the results of the SGM and, if the resolutions in respect of the Proposals are passed at the SGM, further announcements will be made in relation to, among other things, the Closing, the distribution of the Special Dividend on Disposal and Cash Dividend on Property Disposal and the date of withdrawal of listing of the Shares from the Stock Exchange in accordance with the Takeovers Code and the Listing Rules. Following the delisting of the Company from the Stock Exchange, the Company will publish further announcements on its website (https://www.cath.com.hk) and the website of the SFC (http://www.sfc.hk) in relation to the details and times of those events which are scheduled to take place after the payment of the Special Dividend on Disposal, including but not limited to, the Winding Up Proposal and the distribution of cash proceeds (if any) from the winding up of the Company to the Shareholders.

12. CLOSURE OF REGISTER OF SHAREHOLDERS

The register of Shareholders of the Company will be closed from Wednesday, 16 September 2026 to Monday, 21 September 2026 (both dates inclusive) for determining the identity of Shareholders who are entitled to attend and vote at the SGM. No transfer of Shares will be registered during this period. The record date shall be Monday, 21 September 2026. In order to be eligible to attend and vote at the SGM, unregistered Shareholders should ensure that all Share transfer documents accompanied by the relevant Share certificates are lodged with the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m., on Tuesday, 15 September 2026.

13. TAXATION

As the Proposals do not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) in respect of the Proposals.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the receipt of Special Dividend on Disposal. It is emphasized that none of the Company, the Purchaser, J.P. Morgan, CICC, the Independent Financial Adviser, the Hong Kong Share Registrar or any of their respective affiliates, directors, officers, employees, advisors or agents accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of any action such person has taken in relation to the Proposals.

This Circular does not include any information in respect of overseas taxation. Shareholders are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of receiving the Special Dividend on Disposal.

14. ADDITIONAL INFORMATION

Further details of the Proposals are set out in other parts of and the appendices to this Circular, of which this letter forms a part. You are advised to read carefully the letter from the Independent Board Committee and the letter from the Independent Financial Adviser, and the additional information set out in the appendices to this Circular, before deciding whether or not to vote for or against the resolutions to be proposed at the SGM to approve the Proposals.

15. RECOMMENDATION

The Directors (including members of the Independent Board Committee, who have expressed their view in the letter from the Independent Board Committee set out in Part IV of this Circular after receiving advice from the Independent Financial Adviser) consider that the Proposals as a whole, the Property Disposal and the Capital Reorganization are fair and reasonable and in the interests of the Company and its Shareholders as a whole and recommend that you accept the Proposals, the Property Disposal and the Capital Reorganization. Your attention is drawn to the letter from the Independent Board Committee set out in Part IV of this Circular, which contains its recommendation to the Independent Shareholders and the CT Independent Shareholders in respect of the Proposals and the Property Disposal, and the letter from the Independent Financial Adviser set out in Part V of this Circular, which contains its advice to the Independent Board Committee and the Independent Shareholders and the CT Independent Shareholders in respect of the fairness and reasonableness of the Proposals and the Property Disposal and the principal factors and reasons it has considered before arriving at its advice to the Independent Board Committee, and the Independent Shareholders and the CT Independent Shareholders. You are also advised to read the appendices to this Circular.

Yours faithfully,
By order of the Board
Continental Aerospace Technologies Holding Limited

Huang Yongfeng
Chairman and executive director