邁時金融
MAXA FINANCIAL

Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

31 August 2026

To the Independent Board Committee, the CT Independent Shareholders and the Independent Shareholders

Dear Sirs,

(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;
AND
(5) CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO THE DISPOSAL OF PROPERTY

INTRODUCTION

We refer to our appointment 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, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the Circular of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Disposal

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 of US$535.42 million. After taking into account the applicable deductions from the Closing Payment, the estimated amount of Disposal Consideration to be received by the Company upon Closing is expected to be between US$505 million and US$518.42 million. Following Closing, the Company will cease to hold any equity interest in the Target Company or in any other Target Group Company.

Special Dividend on Disposal

The Board proposes that, subject to the fulfillment of any applicable conditions (including (i) the Capital Reorganization becoming effective; (ii) the Independent Shareholders having approved the Disposal, the Special Dividend on Disposal, and the Proposed Delisting at the SGM; and (iii) the Closing having taken place), the Company will distribute the Disposal Consideration received upon Closing in its entirety as Special Dividend on Disposal. 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:

(i) approximately US$505 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[1]; and

(ii) approximately US$518.42 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.

Capital Reorganization

To facilitate the payment of the Special Dividend on Disposal, the Board proposes to implement the Capital Reorganization to create additional reserves available for distribution. The Capital Reorganization will not change the number of issued Shares or the proportionate shareholdings or rights of the Shareholders.

Cash Dividend on Property Disposal

[1] Unless otherwise stated, for the purpose of this letter 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$ has been or could be converted at such rate or at any other rate.

In addition to the Special Dividend on 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) 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 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.

As at 30 June 2026, the Company's cash and cash equivalents and time deposits amounted to approximately HK$576.9 million. 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 incurred or to be incurred up to the winding-up of the Company.

The Proposed Delisting

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. The Proposed Delisting is subject to the following conditions:

(i) the Independent Shareholders having approved the Proposals with the Approval Threshold at the SGM;

(ii) the Closing having taken place; and

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

Immediately upon the fulfillment of 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. 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.

The Property Disposal

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, 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.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE LISTING RULES

The Proposals

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 Approval Threshold at the SGM.

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.

The Property Disposal

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 Property Disposal Consideration is more than HK$3,000,000, the Property Disposal is subject to reporting and announcement requirements, but is exempt from circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been formed to advise (A) the 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 recommendations of the Independent Board Committee have been set out in the Circular.

OUR INDEPENDENCE

We (i) are not associated or connected, financial or otherwise, with the Company or the Purchaser or AVIC Innovation (HK) Group, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or the Purchaser or AVIC Innovation (HK) Group, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of the Circular. As at the

Latest Practicable Date, there were no relationships or interests between (a) the Company, or the Purchaser or AVIC Innovation (HK) Group, their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and (b) us that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code to act as the Independent Financial Adviser. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, or the Purchaser or AVIC Innovation (HK) Group, their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our advice and recommendations, we have reviewed, among others, (i) the Sale and Purchase Agreement; (ii) the Property Sale and Purchase Agreement; (iii) the Valuation Report; (iv) the 2024 Annual Report, 2025 Annual Report and the 2026 Interim Results Announcement; (v) the Target Group Financial Information; and (vi) other relevant information as set out in the Circular. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations which have been provided by the Directors and the management of the Group (the "**Management**"), for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. Our opinion is based on the Directors' and Management's representation and confirmation that no material facts have been omitted from the information provided and referred to in the Circular. The Directors and the Management confirmed that they have, at our request, provided us with all information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, Directors and the Management, have been omitted or withheld from the information supplied or opinions expressed in the Circular, or doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company, the Directors and the Management which have been provided to us. The Company will notify the Shareholders of any material changes to information contained or referred to in the Circular as soon as possible in accordance with Rule 9.1 of the Takeovers Code. Shareholders will also be informed as soon as possible when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date and up to the date of the SGM. We have not, however, conducted any independent verification on the information provided to us by the Directors and the Management, nor have we conducted any form of independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the

Company, the Purchaser, AVIC Innovation (HK) Group and each of their respective subsidiaries or associates.

We have not considered the tax, regulatory and other legal implications on the Shareholders in respect of the Proposals and the Property Disposal, since these depend on their individual circumstances. In particular, the Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on security dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have considered the following factors in arriving at our recommendations regarding the terms of the Proposals and the Property Disposal:

1. Information and prospects of the Group

The Company is an investment holding company. As at the Latest Practicable Date and prior to Closing, the Group, through the Target Group, is principally engaged 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 extending to other jurisdictions.

1.1 Historical financial performance

Set out below is the summarized financial information of the Group for the three years ended 31 December 2023, 2024 and 2025 (**"FY2023"**, **"FY2024"** and **"FY2025"**, respectively) and the six months ended 30 June 2026 (**"1H2026"**), as extracted from the 2024 Annual Report, 2025 Annual Report and 2026 Interim Results Announcement:

	For the year ended 31 December			**Six months ended 30 June**	
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(restated)	(audited)	(audited)	(unaudited)	(unaudited)
Total revenue	1,830,186	1,805,382	1,999,261	1,005,250	950,786
Profit/(Loss) attributable to owners of the Company	162,209	56,010	94,066	64,293	(100,219)

The total revenue of the Group was approximately HK$1,805.4 million for FY2024, representing a decrease of approximately HK$24.8 million or 1.4% as compared to approximately HK$1,830.2 million for FY2023, whereas the profit attributable to owners of the Company was approximately HK$56.0 million for FY2024, representing a decrease of approximately HK$106.2 million or 65.5% as compared to approximately HK$162.2 million for FY2023. The decrease in profit attributable to owners of the Company was mainly due to challenges faced by the subsidiary in the United States during the implementation of the new NetSuite enterprise resource planning system, which impacted production and deliveries in the first half of FY2024.

The total revenue of the Group was approximately HK$1,999.3 million for FY2025, representing an increase of approximately HK$193.9 million or 10.7% as compared to approximately HK$1,805.4 million for FY2024, whereas the profit attributable to owners of the Company was approximately HK$94.1 million for FY2025, representing an increase of approximately HK$38.1 million or 67.9% as compared to approximately HK$56.0 million for FY2024. The increase in profit attributable to owners of the Company was mainly due to the enhanced production capacity and increased deliveries across business units, as well as exchange gains arising from the appreciation of the Euro.

The total revenue of the Group was approximately HK$950.8 million for 1H2026, representing a decrease of approximately HK$54.5 million or 5.4% as compared to approximately HK$1,005.3 million for 1H2025. The Group recorded a loss attributable to owners of the Company of approximately HK$100.2 million for 1H2026, as compared with a profit of approximately HK$64.3 million for 1H2025. Such turnaround from profit to loss was mainly due to the increasing operational pressure of the business units, lower gross profit performance compared to the same period last year, the provision for estimated loss on remeasurement of assets held for sale in respect of the property disposal, and the provision for the settlement payment in respect of the Paycheck Protection Program loan.

1.2 Historical financial position

Set out below is the summarized financial position of the Group as at 31 December 2023, 2024 and 2025 and 30 June 2026, as extracted from the 2024 Annual Report, 2025 Annual Report and 2026 Interim Results Announcement:

	As at 31 December			**As at 30 June**
	2023	**2024**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(restated)	(audited)	(audited)	(unaudited)
Total current assets	1,741,669	1,785,810	1,962,112	4,058,396

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Cash and cash equivalents	246,417	243,518	606,914	441,397
Time deposits	628,863	555,940	344,416	135,547
Cash and time deposits	875,280	799,458	951,330	576,944
Total non-current assets	2,237,395	2,168,485	2,149,500	104
Total assets	**3,979,064**	**3,954,295**	**4,111,612**	**4,058,500**
Total current liabilities	506,859	478,660	494,621	1,115,705
Total non-current liabilities	476,744	496,498	527,659	1,374
Total liabilities	**983,603**	**975,158**	**1,022,280**	**1,117,079**
Net assets	**2,995,461**	**2,979,137**	**3,089,332**	**2,941,421**
Net current assets	1,234,810	1,307,150	1,467,491	2,942,691

As at 31 December 2024, the Group's total assets amounted to approximately HK$3,954.3 million, representing a slight decrease of approximately HK$24.8 million or 0.6% as compared to approximately HK$3,979.1 million as at 31 December 2023. The Group's total liabilities amounted to approximately HK$975.2 million as at 31 December 2024, representing a slight decrease of approximately HK$8.4 million or 0.9% as compared to approximately HK$983.6 million as at 31 December 2023. Accordingly, the Group's net assets decreased slightly from approximately HK$2,995.5 million as at 31 December 2023 to approximately HK$2,979.1 million as at 31 December 2024.

As at 31 December 2025, the Group's total assets amounted to approximately HK$4,111.6 million, representing an increase of approximately HK$157.3 million or 4.0% as compared to approximately HK$3,954.3 million as at 31 December 2024. Such increase was mainly attributable to the increase in current assets, in particular cash and cash equivalents, which increased from approximately HK$243.5 million as at 31 December 2024 to approximately HK$606.9 million as at 31 December 2025, partially offset by the decrease in time deposits from approximately HK$555.9 million to approximately HK$344.4 million. The Group's total liabilities increased by approximately 4.8% from approximately HK$975.2 million as at 31 December 2024 to approximately HK$1,022.3 million as at 31 December 2025. Accordingly, the Group's net assets increased by approximately 3.7% from approximately HK$2,979.1 million as at 31 December 2024 to approximately HK$3,089.3 million as at 31 December 2025.

As at 30 June 2026, the Group's total assets amounted to approximately HK$4,058.5 million, representing a decrease of approximately HK$53.1 million or 1.3% from approximately HK$4,111.6 million as at 31 December 2025. The Group's total liabilities increased by approximately HK$94.8 million or 9.3% from approximately HK$1,022.3 million to approximately HK$1,117.1 million. Accordingly, the Group's net assets decreased by approximately HK$147.9 million or 4.8% to approximately HK$2,941.4 million, mainly reflecting the loss recorded for 1H2026 and the payment of the final dividend for FY2025. Following the classification of the Target Group and the Property as held for sale, the Group recorded assets classified as held for sale of approximately HK$3,480.2 million and the associated liabilities of approximately HK$1,114.4 million as at 30 June 2026.

We note that the Group maintained net current assets throughout the review period. As at 30 June 2026, the Group had net current assets of approximately HK$2,942.7 million and cash and time deposits of approximately HK$925.9 million, including approximately HK$349.0 million classified as assets held for sale. The Group's gearing ratio, calculated on the basis of the interest-bearing debts as a percentage of total equity plus the interest-bearing debts, remained at a relatively low level of approximately 8.8% as at 30 June 2026, as compared with approximately 8.4% as at 31 December 2025. We also note that, as disclosed in the 2026 Interim Results Announcement, the Group had no assets pledged to secure bank facilities and did not have any significant contingent liabilities as at 30 June 2026.

As noted in the 2025 Annual Report, the Company has adopted a dividend policy under which the Board may declare dividends after considering, among other things, the Group's financial results, working capital requirements, capital expenditure requirements, future expansion plans and liquidity position, subject to applicable laws and the Bye-laws. In respect of each of FY2023, FY2024 and FY2025, the Company declared a final dividend of HK0.5 cent per Share. While the Company has maintained a stable dividend payment track record in recent years, the declaration of dividends of each year is subject to the Board's assessment of the Group's financial results and other relevant factors from time to time. Accordingly, there is no assurance that the same level of dividends will continue to be declared and paid in the future if the Proposals are not implemented.

Given that the Proposals involve the declaration and payment of the Special Dividend on Disposal, we have also considered the source of funding of the relevant cash distribution. As stated in the Letter from the Board, the Special Dividend on Disposal will be financed by the Disposal Consideration and the entirety of the Disposal Consideration received upon Closing will be distributed as Special Dividend on Disposal. Accordingly, the Special Dividend on Disposal is a one-off distribution arising from the Disposal, rather than an ordinary recurring dividend funded by the Group's existing operating cash flow.

As mentioned in the Letter from the Board, 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. 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.

While the Special Dividend on Disposal will be funded by the Disposal Consideration, the Company must also have sufficient reserves available for distribution to declare and pay such dividend. As stated in the Letter from the Board, the Company's reserves available for distribution amounted to approximately HK$130 million as at 30 June 2026, which were insufficient to fund the Special Dividend on Disposal in its entirety. The Company therefore proposes to implement the Capital Reorganization to create additional reserves available for distribution to facilitate the payment of the Special Dividend on Disposal and any further distributions to the Shareholders.

We also note that, as at 30 June 2026, the Company's cash and cash equivalents and time deposits amounted to approximately HK$576.9 million. 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 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. As the amount of such further special dividend has not been finalized, we have not treated it as a fixed cash amount receivable by the Shareholders for the purpose of our assessment.

Having considered the above, we consider that the Group maintained a stable financial position as at 31 December 2025, with net current assets, cash and time deposits and low gearing. However, as the Special Dividend on Disposal will be funded by the Disposal Consideration and the Company will cease to hold the Target Group upon Closing, the Group's historical consolidated financial position should not be viewed in isolation, but should be considered together with the terms of the Disposal, the estimated cash return to the relevant Eligible Shareholders, the Capital Reorganization, the expected financial position of the Remaining Group following Closing, and the Proposed Delisting and Winding Up Proposal.

1.3 Prospects of the Group

For the purpose of assessing the industry background of the Group's existing principal operating activities, we have reviewed the general aviation airplane market data[2] published by the General Aviation Manufacturers Association [3] (**"GAMA"**). According to GAMA, global airplane shipments increased from 3,162 aircraft in 2024 to 3,230 aircraft in 2025, representing a year-on-year increase of approximately 2.2%, while airplane billings increased from US$26.7 billion in 2024 to US$31.0 billion in 2025, representing a year-on-year increase of approximately 16.1%.

[2] https://gama.aero/facts-and-statistics/quarterly-shipments-and-billings/

[3] GAMA is an international association representing manufacturers of airplanes, helicopters, engines, and avionics as well as new entrants in the vertical lift and powered lift industry. As advised by the Management, GAMA is independent to the Company and its connected person.

Within the airplane market, piston airplane shipments increased modestly from 1,772 aircraft in 2024 to 1,782 aircraft in 2025, representing a year-on-year increase of approximately 0.6%.

According to the 2025 Annual Report, we noted that **approximately 78.7% of the Group's revenue** for FY2025 was derived from customers located in the United States, while approximately 12.5% was derived from customers located in Europe. In this regard, we have also reviewed the Aerospace Forecast Fiscal Years 2026–2046[4] (**"FAA Forecast"**) published by the Federal Aviation Administration of the United States[5] (**"FAA"**) and noted that the long-term outlook for the general aviation sector in the United States remains stable. According to the FAA Forecast, the active general aviation fleet in the United States is forecast to grow from 213,756 aircraft in 2024 to 242,722 aircraft by 2046, representing an average annual growth rate of approximately 0.6%. However, the outlook varies across different sub-segments. In particular, the FAA forecasts that the fixed-wing piston aircraft fleet will decline by 2,544 aircraft between 2024 and 2046, representing an average annual decline of approximately 0.1%, mainly due to factors including pilot demographics, rising ownership costs, availability of lower-cost recreational alternatives and new aircraft deliveries not keeping pace with retirement of the aging fleet. The FAA also forecasts general aviation hours flown in the United States to grow by approximately 1.0% annually through 2046, while fixed-wing piston hours are expected to decline by approximately 0.3% per year.

As disclosed in the 2025 Annual Report, the Company expects the general aviation industry in 2026 to be positioned for steady and healthy growth, driven by business aviation demand, new aircraft technologies and expansion of access across global markets. Nevertheless, the Company also noted that the industry remains subject to challenges, including rising costs and a decline in aircraft utilization. The Company further disclosed that the Group remains vigilant in addressing supply chain instabilities driven by tariffs, increased costs and embargoes, and intends to continue increasing investment in research and development, optimizing its after-sales service system and improving its manufacturing infrastructure.

In summary, the broader general aviation airplane market recorded growth in 2025 in terms of both shipments and billings. However, the growth in piston airplane shipments was modest when compared with the growth in overall airplane shipments and billings. We also noted from the FAA Forecast that, although the active general aviation fleet in the United States is expected to grow over the long term, the fixed-wing piston aircraft fleet and related flight hours in the United States are forecast to decline over the same period.

2. Information on the Purchaser, AVIC Innovation (HK) Group, the Target Group and the Property

[4] https://www.faa.gov/data_research/aviation/aerospace_forecasts/FY_2026-2046_Full_Forecast_Document_Tables.pdf

[5] FAA is the agency of the United States Department of Transportation responsible for the regulation and oversight of civil aviation within the United States. As advised by the Management, FAA is independent to the Company and its connected person.

2.1 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.

2.2 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.

2.3 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.

According to the Target Group Financial Information, the principal operating subsidiaries of the Target Company include, among others, Continental Aerospace Technologies, Inc. in the United States and Continental Aerospace Technologies GmbH in Germany, which are principally engaged in the design, development and production of aircraft engines and spare parts and the provision of repair and maintenance services for aircraft engines.

As at the Latest Practicable Date, the Target Company is a wholly owned subsidiary of the Company. For FY2025 and 1H2026, revenue generated by the Target Group accounted for 100% of the total revenue of the Group. Set out below is a summary of the key financial information of the Target Group for FY2023, FY2024, FY2025 and 1H2026, as extracted from the Target Group Financial Information:

	For the year ended 31 December			Six months ended 30 June	
	2023	**2024**	**2025**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenue	1,830,186	1,805,382	1,999,261	1,005,250	950,786
Profit/(Loss) of the year / period	176,488	110,486	93,203	17,390	(93,907)

The Target Group's revenue decreased slightly from approximately HK$1,830.2 million for FY2023 to approximately HK$1,805.4 million for FY2024. Profit for the year decreased by approximately 37.4% from approximately HK$176.5 million for FY2023 to approximately HK$110.5 million for FY2024. We note that such decrease was mainly attributable to the tax effect. In particular, the Target Group recorded income tax credit of approximately HK$55.2 million for FY2023, as compared with income tax expense of approximately HK$20.1 million for FY2024. Such income tax credit was mainly attributable to the recognition of deferred tax assets in respect of tax losses and deductible temporary differences which had not previously been recognized. The Target Group's profit before tax, however, increased from approximately HK$121.3 million for FY2023 to approximately HK$130.6 million for FY2024.

For FY2025, the Target Group's revenue increased to approximately HK$1,999.3 million, representing an increase of approximately 10.7% as compared with FY2024. Notwithstanding the increase in revenue, profit for the year decreased from approximately HK$110.5 million for FY2024 to approximately HK$93.2 million for FY2025. Based on the Target Group Financial Information and our discussions with the Management, such decrease was mainly attributable to

(i) the decrease in other income and gains, net (mainly comprising bank interest income, insurance compensation, distributionship fee income, royalty income and net foreign exchange differences), from approximately HK$29.2 million for FY2024 to approximately HK$3.0 million for FY2025, primarily due to the turnaround from a net foreign exchange gain of approximately HK$17.9 million in FY2024 to a net foreign exchange loss of approximately HK$26.9 million in FY2025, partially offset by insurance compensation of approximately HK$23.1 million recognized in FY2025; and (ii) the increases in selling and distribution expenses and administrative expenses in FY2025, mainly attributable to higher expenses associated with increased after-sales cases and warranty provisions in line with revenue growth in the US operations, and higher staff bonus accruals for the US operations, respectively.

For 1H2026, the Target Group's revenue decreased to approximately HK$950.8 million, representing a decrease of approximately 5.4% as compared with approximately HK$1,005.3 million for 1H2025. The Target Group recorded a loss of approximately HK$93.9 million for 1H2026, as compared with a profit of approximately HK$17.4 million for 1H2025. Based on the Target Group Financial Information and our discussions with the Management, such turnaround from profit to loss was mainly attributable to the lower gross profit amid increasing operational pressure, together with the provision for the settlement payment in respect of the Paycheck Protection Program loan.

Set out below is a summary of the key financial position of the Target Group as at 31 December 2023, 2024 and 2025 and 30 June 2026, as extracted from the Target Group Financial Information:

	As at 31 December			As at 30 June
	2023	**2024**	**2025**	**2026**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total current assets	1,238,208	1,193,464	1,307,758	1,409,194
Cash and cash equivalents	226,045	202,347	304,022	346,439
Total non-current assets	1,885,494	1,870,538	1,884,651	1,871,052
Total assets	**3,123,702**	**3,064,002**	**3,192,409**	**3,280,246**
Total current liabilities	2,406,955	2,201,619	2,241,217	2,407,086
Amount due to the immediate holding company	1,939,499	1,762,238	1,793,105	1,825,072
Total non-current liabilities	796,403	846,685	800,224	810,759
Loan from the immediate holding company	398,584	417,174	345,770	345,025

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Total liabilities	**3,203,358**	**3,048,304**	**3,041,441**	**3,217,845**
Net assets / (liabilities)	**(79,656)**	**15,698**	**150,968**	**62,401**
Net current liabilities	1,168,747	1,008,155	933,459	997,892

As at 31 December 2024, the Target Group's total assets amounted to approximately HK$3,064.0 million, representing a decrease of approximately HK$59.7 million or 1.9% as compared with approximately HK$3,123.7 million as at 31 December 2023. Total liabilities decreased from approximately HK$3,203.4 million as at 31 December 2023 to approximately HK$3,048.3 million as at 31 December 2024. As a result, the Target Group improved from a net liabilities position of approximately HK$79.7 million as at 31 December 2023 to a net assets position of approximately HK$15.7 million as at 31 December 2024. The Target Group's net current liabilities also decreased from approximately HK$1,168.7 million as at 31 December 2023 to approximately HK$1,008.2 million as at 31 December 2024, mainly reflecting the decrease in current liabilities, including the decrease in the amount due to the immediate holding company from approximately HK$1,939.5 million to approximately HK$1,762.2 million, which, as advised by the Management, was mainly attributable to a lower level of temporary funding from the immediate holding company, as well as foreign exchange translation effects resulting from movements in the exchange rates of the U.S. dollar and euro against the Hong Kong dollar during FY2024.

As at 31 December 2025, the Target Group's total assets increased to approximately HK$3,192.4 million, representing an increase of approximately HK$128.4 million or 4.2% as compared with approximately HK$3,064.0 million as at 31 December 2024. Such increase was mainly reflected in the increase in current assets, including the increase in cash and cash equivalents from approximately HK$202.3 million as at 31 December 2024 to approximately HK$304.0 million as at 31 December 2025. The increase in cash and cash equivalents was mainly attributable to higher cash receipts from increased sales of the Target Group's U.S. operations. Total liabilities remained relatively stable, decreasing slightly from approximately HK$3,048.3 million as at 31 December 2024 to approximately HK$3,041.4 million as at 31 December 2025. As a result, the Target Group's net assets increased from approximately HK$15.7 million as at 31 December 2024 to approximately HK$151.0 million as at 31 December 2025, while its net current liabilities further decreased to approximately HK$933.5 million.

As at 30 June 2026, the Target Group's total assets increased by approximately HK$87.8 million or 2.8% from approximately HK$3,192.4 million as at 31 December 2025 to approximately HK$3,280.2 million, mainly reflecting the increases in trade receivables and cash and cash equivalents. Its total liabilities increased by approximately HK$176.4 million or 5.8% to approximately HK$3,217.8 million, mainly due to the increases in other payables, accruals and provisions and trade payables. As a result, the Target Group's net assets decreased from approximately HK$151.0 million to approximately HK$62.4 million, while its net current liabilities increased from approximately HK$933.5 million to approximately HK$997.9 million.

Based on the above, we note that the Target Group's standalone financial position improved during the three-year period, but its financial position weakened during 1H2026 following the loss recorded for the period. The Target Group nevertheless remained in a net assets position as at 30 June 2026, although it continued to record net current liabilities.

We further note that the net current liabilities position of the Target Group was mainly attributable to its capital structure. In particular, as at 30 June 2026, the Target Group recorded an amount due to the immediate holding company of approximately HK$1,825.1 million as current liabilities and loans from the immediate holding company of approximately HK$345.0 million as non-current liabilities. As stated in the Letter from the Board, the Disposal Consideration comprises the consideration for the sale and purchase of the Sale Shares and the settlement of the Shareholder and Intercompany Loans. Accordingly, we consider that the Target Group's net current liabilities position should be viewed together with the transaction structure of the Disposal, under which the relevant Shareholder and Intercompany Loans will be settled and the obligations of the Target Group in respect of such loans will be released upon Closing.

2.4 The Property

The Property is located at Office B on 15th Floor, United Centre, No.95 Queensway, Hong Kong, with total gross floor area of 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.

3. Reasons for and benefits of the Proposals and the Property Disposal

3.1 The Proposals

As stated in the Letter from the Board, the price and trading liquidity of the Shares has been 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. Although the historical trading volume did not preclude

Shareholders from disposing of their Shares in the market, Shareholders, particularly those with sizeable shareholdings, may be subject to execution risk and potential price pressure if they seek to dispose of a significant number of Shares within a short period.

As further stated in the Letter from the Board, 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 realize 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.

In respect of the Proposals, the Controlling Shareholders have no interest different from other Independent Shareholders and are entitled to vote for the resolution in relation to the Proposals at the SGM. From the Independent Shareholders' perspective, having considered our analysis on the historical price performance and trading volume of the Shares as set out in the sections headed "5.3 Historical price performance of the Shares" and "5.4 Liquidity of the Shares" below, we consider that the Proposals provide the Independent Shareholders with an opportunity to realize their investment in the Company in cash at a premium over the prevailing and historical market prices of the Shares. Having regard to the historical trading volume of the Shares, Independent Shareholders holding a sizeable number of Shares may be subject to execution risk and potential price pressure if they seek to dispose of their Shares within a short period. In this regard, we consider that the Proposals provide a more certain cash realization opportunity as compared with on-market disposals.

We have reviewed the shareholding structure of the Company and the terms of the Irrevocable Undertakings and noted that 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. We have also discussed with the Management, who confirmed that no competing proposal had been received by the Company as at the Latest Practicable Date. Given the significant shareholding covered by the Controlling Shareholders' Irrevocable Undertakings, any competing bidder would face higher execution uncertainty to secure sufficient shareholder support within a reasonable timeframe. Accordingly, we concur with the Directors' view that the emergence of an attractive competing proposal with a credible path to completion to be unlikely.

From the Company's perspective, 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. In light of the lack of utilization of the listed platform for equity fundraising in recent years, we concur with the Board that the costs, administrative burden and management resources required to maintain the listing status of the Company may no longer be economically justified. We also consider that the Proposals 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, while reducing the ongoing costs and management resources associated with maintaining the listing status of the Company and complying with the continuing obligations applicable to listed issuers.

We also noted that, following Closing, the Company will cease to hold any equity interest in the Target Company or any other Target Group Company. As disclosed in the Letter from the Board, 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 continued listing under Rule 13.24(1) of the Listing Rules, and therefore proposes to withdraw the listing of the Shares under Rule 6.15(2) of the Listing Rules. The Proposed Delisting is conditional upon, among other things, the Independent Shareholders having approved the Proposals with the Approval Threshold, Closing having taken place, and the distribution and payment of the Special Dividend on Disposal.

3.2 The Property Disposal

As stated in the Letter from the Board, the Property Disposal enables the Company to realize the value of a non-core asset and to distribute the net proceeds of the Property Disposal as Cash Dividend on Property Disposal to the relevant Eligible Shareholders. We noted that the Property Disposal Consideration is HK$69.5 million, which was determined after arm's length negotiations 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. The Property Disposal Consideration, after deduction of stamp duty, is intended to be distributed in full to the relevant Eligible Shareholders on a pro rata basis as Cash Dividend on Property Disposal.

Given that the Company proposes to dispose of the Target Group and, following the payment of the relevant dividends and settlement of outstanding liabilities (if any), proceed with the Proposed Delisting and the Winding Up Proposal, we consider that the Property Disposal is consistent with the overall objective of realizing the value of the Company's assets and distributing cash to the relevant Eligible Shareholders. In particular, the Property Disposal would allow the Company to convert a non-core asset into cash and provide the relevant Eligible Shareholders with an extra cash distribution opportunity in addition to the Special Dividend on Disposal.

We also noted that the Cash Dividend on Property Disposal does not form part of the Proposals and is not inter-conditional with the Disposal or the Special Dividend on Disposal. Accordingly, the Property Disposal and the Cash Dividend on Property Disposal should be considered separately from the Proposals. In respect of the Property Disposal, the Controlling Shareholders have interest different from CT Independent Shareholders and hence are not entitled to vote for the resolution in relation to the Property Disposal at the SGM.

If the Property Disposal is not approved at the SGM, the Company will use its best endeavors to dispose of the Property prior to its winding up, including by disposing of the Property to an Independent Third Party, and distribute the net proceeds to the relevant Eligible Shareholders as soon as practicable. Disposal of the Property during the voluntary liquidation process will only be pursued as a last resort. In assessing this alternative plan, we have discussed with the Management the proposed disposal process and whether any alternative purchaser or offer has been identified or approached. As advised by the Management, having regard to the limited transaction activity involving office properties in the United Centre, if the Property Disposal is not approved, the Company intends to engage a property agent to assist in identifying potential purchasers and marketing the Property, aiming to dispose of the Property prior to its winding up. As at the Latest Practicable Date, the detailed implementation arrangements and timetable had not yet been finalized and no alternative purchaser or binding offer had been identified. Accordingly, the timing and terms of any alternative disposal remain uncertain. By comparison, the Property Disposal Consideration is slightly higher than the market value appraised by the Independent Valuer and provides greater execution certainty and an earlier cash return to the relevant Eligible Shareholders. Accordingly, the alternative plan does not alter our view that the Property Disposal is fair and reasonable. The Company also expects that there would be no material adverse financial or operational impact on the Group if the Property Disposal is not approved.

4. Principal Terms of the Proposals and the Capital Reorganization

The following is a summary of the principal terms of the Proposals and the Capital Reorganization. Further details of the Proposals, the Sale and Purchase Agreement and the Capital Reorganization are set out in the Letter from the Board.

From the Independent Shareholders' perspective, although the Proposals are not implemented by way of a cancellation of Shares under a scheme of arrangement, the Proposals as a whole are in substance similar to a privatization proposal, as the relevant Eligible Shareholders will receive the Special Dividend on Disposal in cash, followed by the Proposed Delisting. Therefore, our analysis of the fairness and reasonableness of the Proposals will be of a similar focus as in the case of a privatization.

4.1 The Disposal

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. The 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. As stated in the Letter from the Board, for FY2025 and 1H2026, revenue generated by the Target Group accounted for 100% of the total revenue of the Group, and the Remaining Group does not engage in or operate the existing general aviation aircraft piston engine business as at the Latest Practicable Date.

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 of US$50 million; and (ii) the Closing Payment of US$485,420,000, which will be subject to certain deductions and payable on the Closing Date.

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 the 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 equal to the Closing Payment minus (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. Assuming 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. As stated in the Letter from the Board, the updated range differs from the estimated range announced in the Joint Announcement due to a change in the Company's estimate of the PPP Loan Settlement Amount based on available information.

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.

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 parties (being approximately US$500 million, which included the value of the Shareholder and Intercompany Loans at that time) and the cash position of the Target Group of approximately US$35.42 million as at 31 October 2025, and taking into account the historical operations and financial performance of the Target Group and the growth that the Purchaser Group could achieve in the aerospace sector in the United States.

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 for reasons resulting from certain defaults or breaches by the Purchaser, the Upfront Payment, together with any accrued interest, shall be released by the Escrow Agent to the Company; if the Sale and Purchase Agreement is terminated for other reasons in accordance with its terms, the Upfront Payment, together with any accrued interest, shall be released 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.

Conditions, Closing, Purchaser Guarantee and no Leakage

Closing is subject to and conditional upon the satisfaction or, where applicable, waiver of the Conditions at or prior to the Closing Date, including, among others, the Independent Shareholders having approved the Proposals with the Approval Threshold.

As at the Latest Practicable Date, Conditions (ii) and (iii), relating to the expiry of the waiting period under the HSR Act and the German regulatory clearance, respectively, had been satisfied. Conditions (i) and (vii) remained to be satisfied and may not be waived, while Conditions (iv), (v) and (vi) remained to be satisfied or waived by the Purchaser at or prior to the Closing Date.

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, being 21 September 2026. In any event, the Closing Date shall not be later than the tenth Business Day after the Unconditional Date.

The Purchaser Guarantor has unconditionally and irrevocably guaranteed 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 under the Sale and Purchase Agreement. The obligations of the Purchaser Guarantor under the Purchaser Guarantee are joint and several with the Purchaser and remain in effect until such guaranteed obligations have been fully discharged, or until the Sale and Purchase Agreement is terminated in accordance with its terms.

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.

4.2 Special Dividend on Disposal

Subject to the fulfillment of any applicable conditions, including (i) the Capital Reorganization becoming effective; (ii) the Independent Shareholders having approved the Proposals at the SGM with the Approval Threshold; and (iii) Closing having taken place, the Company will distribute the Disposal Consideration received upon Closing in its entirety as Special Dividend on Disposal.

Assuming that Closing occurs and 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 (i) approximately US$505 million (being the Disposal Consideration of US$535,420,000 *minus* (a) the estimated maximum Pre-Closing Notified Leakage Amount of US$8.42 million; (b) the PPP Loan Holdback Amount of US$15 million; and (c) the estimated maximum Withholding Tax Amount of US$7 million), equivalent to approximately HK$3,943.04 million or HK$0.4238 in cash per Share, based on the Reference Exchange Rate; and (ii) approximately US$518.42 million (being the Disposal Consideration of US$535,420,000 *minus* (a) the estimated minimum Pre-Closing Notified Leakage Amount of nil; (b) the PPP Loan Settlement Amount which is expected to be no less than US$12 million; and (c) the estimated minimum Withholding Tax Amount of US$5 million), equivalent to approximately HK$4,047.82 million or HK$0.4350 in cash per Share, based on the Reference Exchange Rate. 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 of HK$0.419 in cash per Share as disclosed in the Joint Announcement.

While the Disposal Consideration will be paid in US dollars by the Purchaser, the Special Dividend on Disposal will be converted into Hong Kong dollars and paid to the relevant Eligible Shareholders at the prevailing exchange rate between US dollars and Hong Kong dollars 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. Subject to the approval by the Independent Shareholders at the SGM with the Approval Threshold, the Board will declare the Special Dividend on Disposal in Hong Kong dollars, 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 business days, as defined under the Takeovers Code, after Closing pursuant to Rule 20.1 of the Takeovers Code. The relevant Eligible Shareholders will bear the exchange risk in relation to the Special Dividend on Disposal during the period up to the relevant Distribution Date.

The Company confirms that the entirety of the Special Dividend on Disposal will be financed by the Disposal Consideration. 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. Assuming that Closing occurs, if the Purchaser does not make any claim for the difference between the actual Leakage amount and the Pre-Closing Notified Leakage Amount within three months after the Closing Date, the Company intends to declare such further special dividend within six months after the Closing Date. If the Purchaser makes any valid claim within such period, the Company intends to declare such further special dividend, if any, as soon as practicable after settlement of such claim. The Company will make further announcement(s) on the website of the SFC (www.sfc.hk) as and when appropriate. Please refer to the 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" in the Letter from the** Board for further details.

4.3 Proposed Capital Reorganization

As stated in the Letter from the Board, the Board proposes to implement the Capital Reorganization, which will comprise:

(i) the Capital Reduction, pursuant to which the paid-up capital of each issued Share will be reduced by HK$0.095, such that the par value of each issued Share will be reduced from HK$0.10 to HK$0.005;

(ii) subject to the Capital Reduction becoming effective, the Diminution and Increase, pursuant to which all authorized but unissued share capital of the Company will be canceled and the authorized share capital of the Company will subsequently be increased 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 canceled; 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, which may be applied by the Board in any manner permitted by the laws of Bermuda and the Bye-laws, including the payment in whole or in part of the Special Dividend on Disposal and any further distributions to the Shareholders.

Assuming that there is no change in the issued share capital of the Company before the Capital Reorganization becomes effective, the number of issued Shares will remain unchanged at 9,303,374,783 Shares. The Capital Reorganization will not result in any change in the proportionate shareholdings or rights of the Shareholders, and the existing board lot size will remain unchanged.

The Capital Reorganization is conditional upon, among other things, (i) the Closing having occurred; (ii) the Shareholders having approved the Capital Reorganization by way of a special resolution at the SGM; (iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the New Shares; (iv) compliance with section 46(2) of the Companies Act, including the Directors being satisfied that there are no reasonable grounds for believing that the Company is, or following the Capital Reduction and the Share Premium Reduction would be, unable to pay its liabilities as they become due; (v) compliance with the relevant procedures and requirements under the Bye-laws, the laws of Bermuda and the Listing Rules; and (vi) all necessary regulatory approvals having been obtained. As at the Latest Practicable Date, save for condition (iv) above, none of the other conditions had been fulfilled. Subject to the fulfillment of such conditions, the Capital Reorganization is expected to become effective on the Closing Date. The Special Dividend on Disposal is conditional upon, among other things, the Capital Reorganization becoming effective.

As stated in the Letter from the Board, under the applicable laws of Bermuda and the Bye-laws, the Company in general meeting may make a distribution to the Shareholders out of contributed surplus[6], but is restricted from funding a distribution out of its share premium account or share capital. As **the Company's existing reserves available for distribution are insufficient to fund the** Special Dividend on Disposal in its entirety, the Capital Reorganization is intended to create additional reserves available for distribution to facilitate the payment of the Special Dividend on Disposal and any further distributions to the Shareholders.

4.4 Proposed Delisting and Winding Up Proposal

As stated in the Letter from the Board, 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.

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[6] *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 Proposed Delisting is subject to (i) the Independent Shareholders having approved the Proposals with the Approval Threshold at the SGM; (ii) Closing having taken place; and (iii) the distribution and the payment of the Special Dividend on Disposal on the relevant Distribution Date. Immediately upon the fulfillment of 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.

The Directors will resolve to wind up the Company voluntarily as soon as practicable following the full 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. 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. 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.

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 will be no material adverse financial or operational impact on the Group if the Proposals are not approved at the SGM.

5. Analysis on the Estimated Minimum Special Dividend on Disposal

To assess the fairness and reasonableness of the Proposals, we have considered the basis of determination of the Disposal Consideration as set out below and used the Estimated Minimum Special Dividend on Disposal as the basis of our analysis below, given it represents the minimum cash amount expected to be received by the relevant Eligible Shareholders under the Proposals. The actual amount of the Special Dividend on Disposal may be higher than the Estimated Minimum Special Dividend on Disposal, depending primarily on the final Disposal Consideration received by the Company upon Closing.

5.1 Assessment of the basis of determination of the Disposal Consideration

As stated in the Letter from the Board, the Disposal Consideration of US$535.42 million was **determined after arm's length negotiations between the Company and the Purchaser, primarily** with reference to the agreed enterprise value of the Target Group of approximately US$500 million, which included the value of the Shareholder and Intercompany Loans at that time, and its cash position of approximately US$35.42 million based on the unaudited management accounts of the Target Group as at 31 October 2025, being the locked box date agreed between the Company and the Purchaser. The historical operations and financial performance of the Target Group, as well as the potential growth that the Purchaser Group considered could be achieved in the aerospace sector in the United States, having regard to its experience in scaling aerospace businesses, were also taken into account.

To assess the basis of determination, we have reviewed the Sale and Purchase Agreement and the Company's calculation of the Disposal Consideration, discussed with the Management the negotiation process and the principal factors considered, and checked the cash position of the Target Group against the relevant supporting information. We have also cross-checked the valuation multiples of the Target Group and the comparable companies and reviewed the calculation of the Loan Settlement Amount. We noted that (i) the implied EV/EBITDA, P/E and P/B Ratios of the Target Group were above the respective ranges of the corresponding multiples of the comparable companies identified by the Company, which are the same as the Comparable Companies (as defined below) identified by us based on the selection criteria set out in the section below headed "5.5 Comparable analysis"; and (ii) the Loan Settlement Amount will be applied to settle the Shareholder and Intercompany Loans on a dollar-for-dollar basis. Having considered the above, we consider that the basis of determination of the Disposal Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

5.2 Estimated Minimum Special Dividend on Disposal comparisons

The Estimated Minimum Special Dividend on Disposal of HK$0.4238 in cash per Share based on the Reference Exchange Rate represents:

i. a discount of approximately 8.85% to the closing price of HK$0.465 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

ii. a premium of approximately 104.75% over the closing price of HK$0.207 per Share as quoted on the Stock Exchange on the Last Trading Date;

iii. 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;

iv. 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;

v. 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;

vi. 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;

vii. a premium of approximately 27.63% 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;

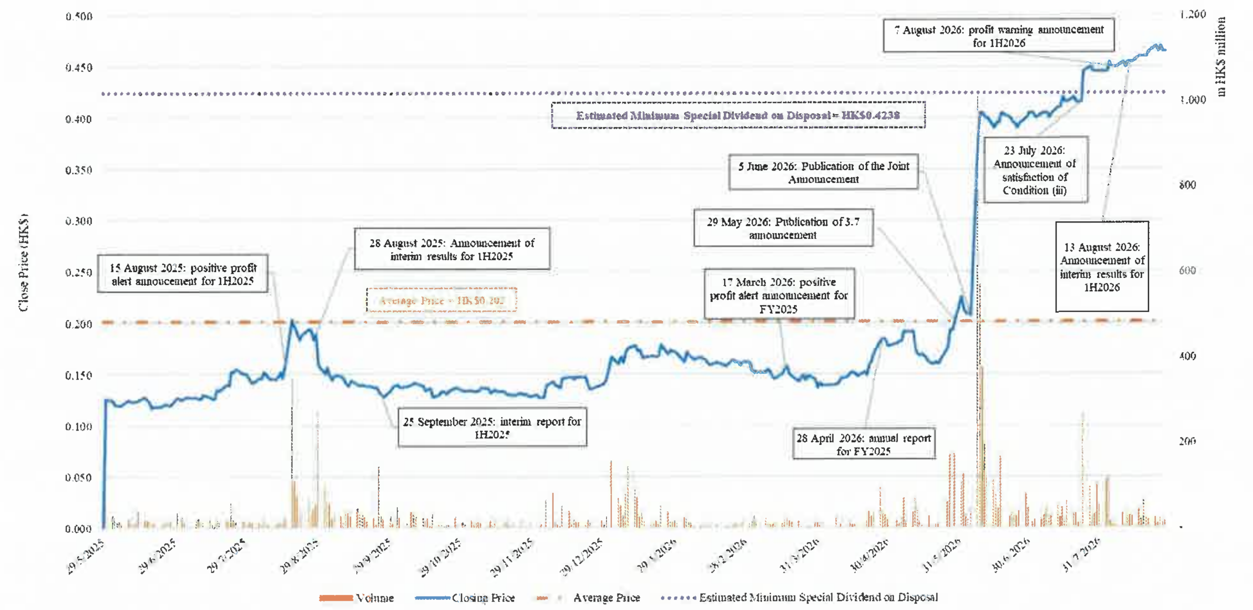
viii. a premium of approximately 29.23% over the adjusted consolidated net asset value of the Company attributable to the Shareholders of approximately HK$3,051.11 million, or approximately HK$0.328 per Share, calculated by adjusting the audited consolidated net asset value as at 31 December 2025 for the difference between the Property's net book value of approximately HK$107.52 million and its appraised value of HK$69.30 million as at the Valuation Date (as defined below); and

ix. a premium of approximately 34.05% over the unaudited consolidated net asset value of the Company attributable to the Shareholders per Share of approximately HK$0.316 as at 30 June 2026.

5.3 Historical price performance of the Shares

We have reviewed the daily closing prices of the Shares for the period from 29 May 2025, being one year prior to the date of the 3.7 Announcement, up to and including the Latest Practicable Date (the "**Review Period**"). For the purpose of our analysis, we have divided the Review Period into (i) the period from 29 May 2025 up to and including the date of the 3.7 Announcement (the "**Pre-3.7 Announcement Period**"); (ii) the period from the first trading day after the publication of the 3.7 Announcement up to and including the Last Trading Date, being the trading day immediately before the publication of the Joint Announcement (together with the Pre-3.7 Announcement Period, the "**Pre-3.5 Announcement Period**"); and (iii) the period from the first trading day after the publication of the Joint Announcement up to and including the Latest Practicable Date (the "**Post-3.5 Announcement Period**"). We consider that a review period of approximately one year is adequate and representative for the purpose of illustrating the recent price movements of the Shares, as it reflects the market's reaction to, among other things, the latest developments, financial performance and prospects of the Group, the possible disposal as disclosed in the 3.7 Announcement, the definitive terms of the Proposals as subsequently disclosed in the Joint Announcement, as well as the prevailing market sentiment. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

Share Price Performance during Review Period



Source: Wind

As illustrated in the chart above, during the Pre-3.5 Announcement Period, the closing price of the Shares fluctuated, ranging from the lowest closing price of HK$0.117 per Share recorded on 19 June 2025 to the highest closing price of HK$0.225 per Share recorded on 1 June 2026, with an average closing price of approximately HK$0.150 per Share. In particular, during the Pre-3.7 Announcement Period, the closing price of the Shares ranged from HK$0.117 per Share to HK$0.203 per Share, with an average closing price of approximately HK$0.149 per Share. During the Post-3.5 Announcement Period, the closing price of the Shares ranged from HK$0.385 per Share to HK$0.470 per Share, with an average closing price of approximately HK$0.427 per Share.

During the Pre-3.7 Announcement Period, the Shares demonstrated a general upward trend from the beginning of the Review Period to 18 August 2025. In particular, following the publication of **the positive profit alert announcement of the Company dated 15 August 2025 (the "Positive Profit Alert"), the closing price of the Shares increased from HK$0.158 per Share to HK$0.203 per Share** on 18 August 2025, representing an increase of approximately 28.5%. As disclosed in the Positive Profit Alert, the Company expected to record a profit after tax of no less than HK$55 million for the six months ended 30 June 2025 (**"1H2025"**), as compared with a profit after tax of approximately HK$7.1 million for the corresponding period in FY2024.

On 28 August 2025, the Company published its interim results announcement for 1H2025, reporting profit attributable to owners of the Company of approximately HK$64.3 million for the period, as compared with approximately HK$7.1 million for the corresponding period in 2024. Notwithstanding the reported improvement in financial performance, the closing price of the Shares declined shortly after the publication of the interim results announcement. Thereafter, the downward trend in the Share price continued until 26 September 2025.

During the period from 26 September 2025 to 27 March 2026, the closing price of the Shares largely fluctuated within a range of HK$0.128 per Share to HK$0.179 per Share. Following the publication of the annual results announcement of the Company for FY2025 on 27 March 2026, the closing price of the Shares exhibited an upward trend until 11 May 2026, reaching HK$0.192 per Share.

Following the publication of the 3.7 Announcement, the closing price of the Shares increased to HK$0.225 per Share on 1 June 2026. However, we note that such increase was not sustained for an extended period. As disclosed in the 3.7 Announcement, the Company was at that time only in discussion with an independent investor in relation to a possible disposal which, if materialized, could have an implication for the Company under the Takeovers Code. No definitive agreement had been entered into, and the detailed terms of the Proposals, including the Disposal Consideration, the amount of the Special Dividend on Disposal and the Proposed Delisting, had not been fixed or disclosed at that stage.

On 5 June 2026, the Company and the Purchaser published the Joint Announcement with key terms of the Proposals, including the estimated Disposal Consideration, the estimated Special Dividend on Disposal, and the Proposed Delisting. Following the publication of the Joint Announcement, the closing price of the Shares increased from HK$0.207 per Share on the Last Trading Date to HK$0.385 per Share on the first trading day after the publication of the Joint Announcement. As at the Latest Practicable Date, the closing price of the Shares was HK$0.465 per Share, which was higher than the Estimated Minimum Special Dividend on Disposal of HK$0.4238 per Share. We consider that the Share price movement after the Joint Announcement has reflected the market's reaction to, and expectations regarding, the Proposals. Accordingly, the trading price of the Shares during the Post-3.5 Announcement Period may not be sustainable if the Proposals fail to implement.

Having considered the above, in particular, (i) the closing price of the Shares during the Pre-3.5 Announcement Period had generally traded within the range of HK$0.117 to HK$0.225 per Share; (ii) the Estimated Minimum Special Dividend on Disposal of HK$0.4238 per Share represents a substantial premium over the average closing price of the Shares during the Pre-3.5 Announcement Period and is higher than the highest closing price of the Shares during such period; (iii) while the closing price of the Shares as at the Latest Practicable Date was higher than the Estimated Minimum Special Dividend on Disposal, the market price of the Shares is subject to fluctuation and the disposal of Shares in the market is subject to transaction costs, execution risk and potential price pressure; and (iv) the Share price movement after the publication of the Joint Announcement may have been affected by the market's expectation on the Proposals to be implemented and may not be sustained if the Proposals fail to implement, we consider that, subject to the Proposals being implemented, the Proposals provide the Independent Shareholders with an opportunity to realize their investment in cash at a substantial premium over the historical trading prices of the Shares prior to the publication of the Joint Announcement, without being subject to the execution risk and potential price pressure associated with on-market disposals.

Independent Shareholders who wish to realize all or part of their investment are reminded to closely monitor the market price and trading liquidity of the Shares. If the net proceeds obtainable from an on-market sale of the Shares, after deducting transaction costs, would exceed the cash distributions which they expect to receive by remaining as Shareholders, they may, having regard to their own circumstances, consider selling their Shares in the open market. However, Independent Shareholders, particularly those holding a sizeable number of Shares, should note that they may not be able to dispose of their Shares at the quoted market price without exerting downward pressure on the Share price.

5.4 Liquidity of the Shares

The following table sets out the total trading volume of the Shares per month/period, the average daily trading volume, the percentage of such average daily trading volume to the total issued Shares and the public float of the Company during the Review Period:

Months/Period	**Total trading volume of Shares for the month/period**	**Average daily trading volume** *(Note 1)*	**Percentage of average daily trading volume to total issued Shares** *(Note 2)*	**Percentage of average daily trading volume to total number of Shares held by public Shareholders** *(Note 3)*
2025				
May (from 29th)	74,028,855	37,014,428	0.3979%	0.7426%
June	351,542,825	16,740,135	0.1799%	0.3358%
July	380,913,432	17,314,247	0.1861%	0.3474%
August	1,222,293,110	58,204,434	0.6256%	1.1677%
September	834,858,077	37,948,094	0.4079%	0.7613%
October	400,846,405	20,042,320	0.2154%	0.4021%
November	207,960,650	10,398,033	0.1118%	0.2086%
December	448,833,475	21,373,023	0.2297%	0.4288%
2026				
January	990,982,687	47,189,652	0.5072%	0.9467%
February	183,476,049	10,792,709	0.1160%	0.2165%
March	300,916,716	13,678,033	0.1470%	0.2744%
April	436,331,210	22,964,801	0.2468%	0.4607%
May (up to and including the date of the 3.7 Announcement)	783,248,077	43,513,782	0.4677%	0.8730%
June (1st to the date of the Joint Announcement)	327,120,795	65,424,159	0.7032%	1.3126%
June (6th to 30th)	3,000,148,889	187,509,306	2.0155%	3.7619%
July	1,087,051,963	49,411,453	0.5311%	0.9913%
August (up to and including the Latest Practicable Date)	687,138,719	34,356,936	0.3693%	0.6893%
Pre-3.7 Announcement Period				
Minimum			**0.1118%**	**0.2086%**
Maximum			**0.6256%**	**1.1677%**
Average			**0.2953%**	**0.5512%**

From the first trading day after the publication of the 3.7 Announcement up to and including the Latest Practicable Date

Minimum	**0.3693%**	**0.6893%**
Maximum	**2.0155%**	**3.7619%**
Average	**0.9048%**	**1.6888%**

Source: Wind

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.

2. It is calculated by dividing the average daily trading volume for the month/period by the total issued Shares at the end of each month/period.

3. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares held by the public Shareholders (within the meaning of the Listing Rules) as at the Latest Practicable Date, i.e. 4,984,474,393.

As illustrated in the above table, during the Pre-3.7 Announcement Period, the percentage of average daily trading volume to (i) the total number of issued Shares; and (ii) the total number of Shares held by public Shareholders, ranged from approximately 0.1118% to approximately 0.6256% and approximately 0.2086% to approximately 1.1677%, respectively. The average daily trading volume of the Shares during the Pre-3.7 Announcement Period was approximately 26,895,250 Shares, representing approximately 0.2891% of the total number of issued Shares and approximately 0.5396% of the total number of Shares held by public Shareholders.

We noted that the trading volume of the Shares increased during the period from the first trading day after the publication of the 3.7 Announcement up to and including the Last Trading Date, with an average daily trading volume of approximately 65,424,159 Shares, representing approximately 0.7032% of the total number of issued Shares and approximately 1.3126% of the total number of Shares held by public Shareholders.

Following the publication of the Joint Announcement, the trading volume of the Shares increased further, with an average daily trading volume of approximately 82,316,200 Shares during the Post-3.5 Announcement Period, representing approximately 0.8848% of the total number of issued Shares and approximately 1.6515% of the total number of Shares held by public Shareholders. We consider that the trading volume during the Post-3.5 Announcement Period has reflected the market's reaction to the Proposals, while such higher trading volume of the Shares during the Post-3.5 Announcement Period may not be sustainable if the Proposals fail to implement.

Considering that the monthly average daily trading volume of the Shares during the Pre-3.7 Announcement Period represented only approximately 0.29% of the total issued Shares and approximately 0.54% of the Shares held by the public Shareholders and is lower than the trading volume after the publication of the 3.7 Announcement, in the absence of the Proposals, Independent Shareholders, especially those with relatively sizeable shareholdings, may experience difficulty in disposing of a significant number of Shares in the market within a short period without exerting downward pressure on the market price of the Shares.

Having considered the above, we consider that the trading liquidity of the Shares during the Pre-3.7 Announcement Period was low when compared against the total issued Shares and the Shares held by the public Shareholders, and the higher level of trading volume after the publication of the 3.7 Announcement and the Joint Announcement may not be sustained if the Proposals fail to implement. Accordingly, the Proposals provide the Independent Shareholders, particularly those with relatively sizeable shareholdings, with an opportunity to realize their investment in cash without being subject to the execution risk and potential price pressure associated with on-market disposals.

5.5 Comparable analysis

To further assess the fairness and reasonableness of the valuation implied by the Estimated Minimum Special Dividend on Disposal, we have conducted a comparable company analysis by comparing the implied valuation of the Proposals based on the Estimated Minimum Special Dividend on Disposal with the trading valuation multiples of comparable companies listed on the Stock Exchange.

In considering the appropriate valuation multiples for our analysis, we have considered the price-to-earnings ratio (**"P/E Ratio"**) and price-to-book ratio (**"P/B Ratio"**). The P/E Ratio is commonly used for valuing profit-making companies as it reflects the market valuation of a company relative to its earnings. Given that the Group recorded profit after taxation for FY2025, we consider the P/E Ratio to be a relevant and appropriate valuation reference for our assessment. The P/B Ratio is commonly used to assess the market valuation of a company relative to its net asset value. Having considered that the Group is engaged in aviation manufacturing and related aftermarket services, which involve heavy production facilities, inventories and other operating assets, we consider the P/B Ratio to be an appropriate supplemental valuation reference.

In identifying comparable companies, we have adopted the following selection criteria: (i) the company is listed on the Main Board of the Stock Exchange; (ii) over 70% of its latest financial year revenue was derived from the provision of the aviation products, aircraft manufacturing, general aviation aircraft, aviation ancillary systems and/or related aviation services; (iii) the company recorded profit attributable to its shareholders and had a positive net book value attributable to its shareholders based on its latest published financial statements; and (iv) the company's shares were actively traded and were not subject to any trading suspension or trading halt as at the Last Trading Date. Based on the above criteria, we have identified, on a best-effort basis, an exhaustive list of two comparable companies (the **"Comparable Companies"**).

Although two Comparable Companies form a small sample size, both Comparable Companies are principally engaged in aviation manufacturing and related businesses comparable to the Group's business and comprise the exhaustive list of companies meeting our selection criteria. We therefore consider that their trading multiples provide a useful reference as to the market valuations of listed companies principally engaged in aviation manufacturing and related businesses. Accordingly, we have used the comparable company analysis as a supplementary reference and have considered it together with the other factors and analyses set out in this letter.

Set out below is the trading multiples analysis of the Comparable Companies:

Stock code	Company name	Principal Businesses	Market capitalization *(Note 1)*	P/E Ratio *(Note 2)*	P/B Ratio *(Note 3)*
			(HK$ million)	*(times)*	*(times)*
2357.HK	AviChina Industry & Technology Company Limited	Principally engaged in the research, development, manufacture and sale of aviation products and relevant engineering services, including helicopters, trainers, general-purpose aircraft, aviation ancillary systems and aviation engineering services.	25,194.2	12.48	0.63
2507.HK	Cirrus Aircraft Limited	Designs, develops, manufactures and sells premium aircraft in the personal aviation industry. Its aircraft product lines include the SR Series and Vision Jet. It also provides maintenance, upgrades, training, pilot services and other related services. The company has substantial business exposure in the United States.	13,204.9	12.18	1.91
		Maximum		12.48	1.91
		Minimum		12.18	0.63
	The Proposals *(Note4)*		**3,941.0**	**41.90**	**1.28**
	The Company *(Note5)*		**1,925.8**	**20.47**	**0.62**

Source: the Stock Exchange

Notes:

1. The market capitalization of each Comparable Company is calculated based on its closing share price as at the Last Trading Date multiplied by its total number of issued shares as at the Last Trading Date.
2. The P/E Ratio is calculated by dividing the market capitalization by profit attributable to owners / shareholders of the respective company for FY2025.
3. The P/B Ratio is calculated by dividing the market capitalization by net assets attributable to owners / shareholders of the respective company as at 31 December 2025.
4. The implied market capitalization, P/E Ratio and P/B Ratio of the Proposals are calculated based on (i) the Estimated Minimum Special Dividend on Disposal of US$505 million; and (ii) the latest audited financial information of the Group.

5. The market capitalization, P/E Ratio and P/B Ratio of the Company are calculated based on (i) the closing share price and the total number of issued shares of the Company as at the Last Trading Date; and (ii) the latest audited financial information of the Group.
6. Where applicable, for illustrative purpose, (i) US$ has been translated into HK$ with Reference Exchange Rate on the Last Trading Date of US$1:HK$7.8040; or (ii) renminbi has been translated into HK$ with exchange rate of RMB1 to HK$1.1440.

As shown in the table above, the implied P/E Ratio of the Proposals based on the Estimated Minimum Special Dividend on Disposal is approximately 41.90 times, which is above the range of the P/E Ratios of the Comparable Companies of approximately 12.18 times to 12.48 times. The implied P/B Ratio of the Proposals based on the Estimated Minimum Special Dividend on Disposal is approximately 1.28 times, which is within the range of the P/B Ratios of the Comparable Companies of approximately 0.63 times to 1.91 times.

We also noted that the implied P/E Ratio and P/B Ratio of the Proposals based on the Estimated Minimum Special Dividend on Disposal are more than double of the corresponding P/E Ratio and P/B Ratio of the Company, which are calculated based on the market capitalization of the Company as at the Last Trading Date.

Having considered the above, in particular, (i) the implied P/E Ratio of the Proposals based on the Estimated Minimum Special Dividend on Disposal is above the range of the P/E Ratios of the Comparable Companies, while the implied P/B Ratio of the Proposals is within the range of the P/B Ratios of the Comparable Companies; and (ii) the implied P/E Ratio and P/B Ratio of the Proposals are higher than the corresponding trading multiples of the Company, we consider that the comparable company analysis provides supplementary support to our view that the Estimated Minimum Special Dividend on Disposal is fair and reasonable so far as the Independent Shareholders are concerned.

6. Principal Terms of the Property Disposal

The following is a summary of the principal terms of the Property Disposal. Further details of the Property Disposal and the Property Sale and Purchase Agreement are set out in the Letter from the Board.

6.1 The Property Sale and Purchase Agreement

The principal terms of the Property Sale and Purchase Agreement are summarized below:

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.

6.2 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, the Company 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 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.

Provided that the Property Disposal Consideration, after deduction of stamp duty, is received within a reasonable period before the distribution of the Special Dividend on Disposal, the Company intends to distribute the Cash Dividend on Property Disposal on the same day as the Special Dividend on Disposal.

7. Analysis on the Property Disposal Consideration

As disclosed in the Letter from the Board, the Property Disposal Consideration amounted to HK$69.5 million, which was determined after arm's length negotiations 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 were available to the Company. In determining the Property Disposal Consideration, the Company had taken into account, among other things, the transaction prices of properties designated for office use in the United Centre and nearby buildings of similar nature and age, the relatively illiquid trading of office properties in the United Centre, and the market trend of the Hong Kong office sector.

Assessment of the basis adopted by the Company

To assess the basis adopted by the Company in determining the Property Disposal Consideration, we have obtained and reviewed the comparable properties considered by the Company, the relevant source information and supporting documents, and the calculation of the corresponding unit prices. We have also discussed with the Management the selection criteria, calculation methodology, assumptions and inputs adopted by the Company, including the basis for including transactions involving office properties in nearby buildings.

Based on our review, we noted that the Company considered transaction information relating to office properties in the United Centre, Admiralty Centre Tower 1, Admiralty Centre Tower 2, Lippo Centre Tower 1 and Lippo Centre Tower 2. Such comparable properties were selected with reference to their location, property use, building age and transaction timing. In particular, the comparable properties are located in the same or nearby commercial district as the Property, are designated for office use, are located in buildings of a similar age to the United Centre and were transacted within the three-year period preceding the date of the Property Sale and Purchase Agreement.

The average unit prices of the comparable properties in the respective buildings ranged from approximately HK$9,790 to HK$14,247 per square foot, with an overall average unit rate of approximately HK$13,595 per square foot. We have checked the key information of the comparable properties, including their locations, transaction dates, property use, building age, floor area and transaction prices, against the relevant supporting documents and publicly available data, and recalculated the corresponding unit prices. Based on the Property Disposal Consideration of HK$69.5 million and the gross floor area of the Property of approximately 5,264 square feet, the implied consideration is approximately HK$13,203 per square foot on a gross floor area basis, which, according to the Letter from the Board, represents a slight discount of approximately 2.9% to the overall average unit rate of the comparable properties.

We consider that transactions involving office properties in the United Centre and nearby buildings of similar nature and age to be relevant. Having considered the above, including the selection criteria and the range of unit prices of the comparable properties, we consider that the comparable property analysis provides a reasonable general market reference for assessing the Property Disposal Consideration, and we have considered such analysis together with the valuation prepared by the Independent Valuer in our overall assessment of the Property Disposal Consideration.

Assessment of the Valuation Report

As stated in the Joint Announcement, given the fluctuation of the property market, the Company engaged the Independent Valuer to determine the fair value of the Property closer to and prior to publication of the Circular, and 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. Accordingly, we consider that the Valuation Report serves as an important independent reference for our assessment of the fairness and reasonableness of the Property Disposal Consideration.

In order to assess the expertise and independence of the Independent Valuer, we have obtained and reviewed its engagement letter and the relevant licenses, qualifications and experience of the Independent Valuer and its working team. We have also discussed with the working team of the Independent Valuer to understand its previous experience in valuation projects, the valuation basis, methodology and principal assumptions adopted in the Valuation Report, and the steps and measures taken in conducting the valuation. We noted from the Valuation Report that the Independent Valuer has carried out inspections, made relevant enquiries and searches and obtained further information considered necessary for the purpose of providing its opinion on the market value of the Property as at the date of the Property Sale and Purchase Agreement (i.e., 5 June 2026) (the "**Valuation Date**"). The Independent Valuer has confirmed that it is independent from the Group and their respective associates. Based on the above, we consider that the Independent Valuer is qualified and possesses relevant experience in conducting the valuation, and that the terms and scope of the engagement between the Company and the Independent Valuer are appropriate to the opinion which the Independent Valuer is required to give.

We noted that the valuation was carried out on a market value basis, and that the Independent Valuer adopted the comparison approach by making reference to comparable sale evidence in the market. As advised by the Independent Valuer, the comparison approach was adopted as the primary valuation methodology as there were market transactions in the surrounding area available for comparison. We also understood from the Independent Valuer that the income approach was not adopted as the primary approach because the Property was self-occupied for office use as at the Valuation Date, rather than held as an income-generating investment property, and that the cost approach was not adopted as the primary approach given the availability of comparable market transaction evidence. Having considered the above, we consider the adoption of the comparison approach to be appropriate for valuing the Property, being an office property in Hong Kong.

According to the Valuation Report, the Property comprises Office B on 15th Floor, United Centre, No. 95 Queensway, Hong Kong and was self-occupied for office use as at the Valuation Date. As measured from the approved building plans, the saleable area of the Property is approximately

3,834 square feet. The market value of the Property in its existing state as at the Valuation Date was HK$69.3 million.

We have reviewed the comparable sale evidence adopted by the Independent Valuer. According to the Valuation Report, the Independent Valuer identified and analyzed various relevant sale evidence within the locality which have similar characteristics as the Property. We understood from the Independent Valuer that the comparable properties were selected with reference to, among other things, location, time of transaction, property use, accessibility, building age, floor level, size and other relevant characteristics. We have also checked the key information of each comparable property adopted by the Independent Valuer, which is in line with publicly available data, and discussed with the Independent Valuer the adjustments made for differences between the comparable properties and the Property. We noted that (i) the comparable properties are office/commercial properties located in the nearby commercial district as the Property; (ii) the transactions of the comparable properties were conducted before the Valuation Date; and (iii) the key information of the comparable properties, including location, transaction timing and transaction unit rates, is generally consistent with the market information reviewed by us from public and non-public property market sources. According to the Valuation Report, the transaction unit rates of these comparables ranged from HK$17,713 to HK$18,694 per square foot on saleable area basis, and adjustments and analysis were made to reflect differences in factors including location, view, floor level, size and other characteristics between the comparables and the Property. Based on the Property Disposal Consideration of HK$69.5 million and the saleable area of approximately 3,834 square feet as stated in the Valuation Report, the implied consideration is approximately HK$18,127 per square foot on saleable area basis, which falls within the range of the comparable unit rates adopted by the Independent Valuer.

Having considered the location, transaction timing, property use, building age, floor level, size and other characteristics of the comparable properties, as well as the adjustments made by the Independent Valuer, we consider that the comparable sale evidence adopted by the Independent Valuer is relevant to the valuation of the Property and provides a reasonable basis for assessing the Property Disposal Consideration.

We have also compared the Property Disposal Consideration with the market value of the Property as appraised by the Independent Valuer. The Property Disposal Consideration of HK$69.5 million represents a slight premium of approximately HK$0.2 million over the market value of the Property of HK$69.3 million as appraised by the Independent Valuer. As such, adjustment to the Property Disposal Consideration is not required.

Estimated loss on disposal of the Property

We noted that the net book value of the Property as at 31 December 2025 was approximately HK$107.52 million. As stated in the Letter from the Board, the net book value of the Property before provision for the estimated loss arising from the remeasurement of assets classified as held for sale as at 30 June 2026 was approximately HK$105 million. Based on such net book value, the related costs of disposal and the Property Disposal Consideration, the Company recorded an unaudited estimated loss of approximately HK$37 million during the six months ended 30 June 2026. However, as stated in the Letter from the Board, the Property was transferred from investment property to owner-occupied property in April 2022 based on its then fair value of approximately HK$124.5 million and was subsequently measured after taking into account depreciation. In assessing the market movement of the Hong Kong office sector since 2022, we have reviewed the Hong Kong Property Review 2026[7] published by the Rating and Valuation Department[8]. According to the report, the overall private office price index decreased from 495.7 in 2022 to 309.2 in 2025 (provisional), representing a decrease of approximately 37.6%. We consider that such decrease reflects the downward pressure experienced by the Hong Kong office market after April 2022 and supports our view that the historical net book value of the Property may not be reflective of its current market value. Accordingly, for the purpose of assessing the fairness and reasonableness of the Property Disposal Consideration, we have placed greater emphasis on the market value of the Property as appraised by the Independent Valuer and the relevant market comparables, rather than the historical net book value of the Property.

We further noted that 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. Therefore, the economic benefit of the Property Disposal, after deduction of stamp duty, will be returned to the relevant Eligible Shareholders in cash rather than retained by the Company.

Taking into account the above, including, among other things, (i) reviewing the comparable properties, calculation methodology, assumptions and inputs adopted by the Company in determining the Property Disposal Consideration; (ii) reviewing the engagement terms, qualifications and independence of the Independent Valuer; (iii) discussing with the Independent Valuer on the valuation basis, methodology, assumptions and steps undertaken in preparing the Valuation Report; (iv) reviewing the comparison approach adopted by the Independent Valuer and the comparable sale evidence referred to in the Valuation Report; (v) noting that the implied consideration per square foot on a saleable area basis falls within the range of the comparable unit rates adopted by the Independent Valuer; (vi) noting that the Property Disposal Consideration is higher than the market value of the Property as appraised by the Independent Valuer; (vii) noting that the net proceeds from the Property Disposal will be distributed in full to the relevant Eligible Shareholders as Cash Dividend on Property Disposal; and (viii) taking into account the unaudited

[7] https://www.rvd.gov.hk/doc/en/hkpr26/HKPR2026_Fullbook_TC.pdf

[8] The Rating and Valuation Department (the "RVD") is a department of the Government of Hong Kong responsible for the assessment of properties for rates and Government rent purposes and the publication of property market statistics. As advised by the Management, the RVD is independent of the Company and its connected persons.

estimated loss of approximately HK$37 million recorded during the six months ended 30 June 2026 and noting that the historical net book value of the Property may not be reflective of its current market value based on the declining trend of the overall private office price index from 2022 to 2025, we consider that the terms of the Property Disposal are on normal commercial terms and fair and reasonable so far as the CT Independent Shareholders are concerned, and that the Property Disposal is in the interests of the Company and the Shareholders as a whole.

8. Financial effects of the Proposals and the Property Disposal

Upon Closing, the Company will cease to hold any equity interest in the Target Company or any other Target Group Company; the Target Group Companies will cease to be subsidiaries of the Company; and the financial results, assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

As stated in the Letter from the Board, for FY2025 and 1H2026, revenue generated by the Target Group accounted for 100% of the total revenue of the Group, and the Remaining Group does not engage in or operate the existing general aviation aircraft piston engine business. Apart from its interest in the Target Group to be disposed of pursuant to the Sale and Purchase Agreement, the Remaining Group only holds cash, the Property and certain investment interests, the net book value of which, after impairment provision, was nil as at 31 December 2025.

The analysis below is based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix V to the Circular (the "**Pro Forma Financial Information**"). It should be noted that the Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, does not purport to represent the actual financial position or financial performance of the Remaining Group upon Closing or at any future date.

8.1 Effects of the Proposals

Effects on net assets

As at 30 June 2026, the Group had unaudited consolidated net assets of approximately HK$2,941.4 million. Based on the Pro Forma Financial Information, 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 of the Group would have been approximately HK$636.7 million, representing a decrease of approximately HK$2,304.7 million or 78.4% as compared with the net assets of the Group as at 30 June 2026.

The decrease in net assets was mainly attributable to the assumed distribution of such special cash dividend, partially offset by the estimated gain on the Disposal. The actual amount of disposal gain or loss to be recognized by the Group would be subject to, among other things, the actual net asset value of the Target Group as at the Closing Date, the final Disposal Consideration and the final transaction expenses.

However, we noted that the Disposal Consideration received upon Closing will be distributed in its entirety as Special Dividend on Disposal. Accordingly, while the Disposal is expected to give rise to an accounting gain, the cash proceeds from the Disposal will not be retained by the Company as part of the Remaining Group's continuing asset base, but will be returned to the relevant Eligible Shareholders in cash.

In connection with the payment of the Special Dividend on Disposal, the Company proposes to implement the Capital Reorganization to create additional reserves available for distribution. As stated in the Letter from the Board, the Capital Reorganization is expected to increase such reserves by approximately HK$2,742 million. Assuming there is no other change to the Company's reserves available for distribution, following the Capital Reorganization and the payment of the Special Dividend on Disposal and the Cash Dividend on Property Disposal, the Company's remaining reserves available for distribution are expected to amount to approximately HK$529 million. As the Capital Reorganization will involve a reclassification between different components of equity, it will not change the total equity of the Company and is not expected to have any effect on its total assets, total liabilities or net assets.

Effects on liabilities and working capital

As at 30 June 2026, the Group had unaudited consolidated total liabilities of approximately HK$1,117.1 million and net current assets of approximately HK$2,942.7 million. Based on the Pro Forma Financial Information, 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 total liabilities of the Remaining Group would have decreased to approximately HK$2.6 million, representing a decrease of approximately HK$1,114.4 million or 99.8% as compared with the total liabilities of the Group as at 30 June 2026.

Based on the Pro Forma Financial Information, the Remaining Group would have recorded net current assets of approximately HK$638.0 million. We noted that, following Closing and the payment of the Special Dividend on Disposal, the Remaining Group is expected to hold limited remaining assets, comprising mainly cash and time deposits, the Property (if the Property Disposal does not take place), and certain investment interests. We also noted that the Board intends to declare further special dividend on the Company's remaining cash, subject to the Company finalizing the necessary reserves for payment obligations incurred or to be incurred up to the winding-up of the Company.

Effects on earnings

For FY2025, the Group recorded profit attributable to owners of the Company of approximately HK$94.1 million. Based on the Pro Forma Financial Information, assuming the Disposal had been completed on 1 January 2025 and without taking into account the Property Disposal, the Remaining Group would have recorded profit attributable to owners of the Company of approximately HK$1,629.9 million for FY2025, representing an increase of approximately HK$1,535.8 million as compared with the profit attributable to owners of the Company for FY2025. Such increase was mainly attributable to the estimated one-off gain on the Disposal of approximately HK$1,651.7 million.

8.2 Effects of the Property Disposal

As stated in the Letter from the Board, the Property Disposal Consideration is HK$69.5 million. The Property Disposal Consideration, after deduction of stamp duty, will be approximately HK$68.02 million and will be distributed in its entirety to the relevant Eligible Shareholders as Cash Dividend on Property Disposal, subject to the CT Independent Shareholders having approved the Property Disposal and the Cash Dividend on Property Disposal at the SGM and completion of the Property Disposal. 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 amount to approximately HK0.73 cent in cash per Share.

As stated in the Letter from the Board, the net book value of the Property as at 31 December 2025 was approximately HK$107.52 million. As stated in the Valuation Report, the valuation of the Property as at the Valuation Date 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. As stated in the Letter from the Board, based on the net book value of the Property before provision for the estimated loss arising from the remeasurement of assets classified as held for sale as at 30 June 2026 of approximately HK$105 million, the related costs of disposal and the Property Disposal Consideration, the Company recorded an unaudited estimated loss of approximately HK$37 million during the six months ended 30 June 2026.

As stated in note 13 to the Pro Forma Financial Information, the Pro Forma Financial Information does not take into account the Property Disposal. Had the Property Disposal been taken into account, the Property Disposal would have had no impact on the unaudited pro forma consolidated statement of financial position, as the increase in cash and bank balances would have been offset by the decrease in the Property included in assets classified as held for sale as at 30 June 2026. The unaudited pro forma consolidated profit before tax and profit for FY2025 would have decreased by approximately HK$39.5 million after taking into account the Property Disposal and the corresponding depreciation and loss on disposal of the Property. The cash and bank balances would have increased by approximately HK$68.02 million, representing the net proceeds from the Property Disposal.

Given that all the net proceeds from the Property Disposal will be distributed to the relevant Eligible Shareholders as Cash Dividend on Property Disposal, the economic benefit of the Property Disposal, after deduction of stamp duty, will be returned to the relevant Eligible Shareholders in cash. Accordingly, notwithstanding the accounting effects arising from the Property Disposal, we consider that the financial effect of the Property Disposal should be assessed together with the Cash Dividend on Property Disposal and the overall objective of realizing the value of the Company's remaining assets and distributing cash to the relevant Eligible Shareholders.

8.3 Overall view

Having considered the above, we noted that the Proposals will result in the Company ceasing to hold the Target Group, which carried out the Group's existing principal operating business and generated all of the Group's revenue for FY2025 and 1H2026. At the same time, the Disposal is expected to realize the value of the Target Group and provide the relevant Eligible Shareholders with the Special Dividend on Disposal in cash. The Capital Reorganization is intended to create additional reserves available for distribution to facilitate the payment of the Special Dividend on Disposal and any further distributions to the Shareholders, without changing the total equity of the Company. We also noted that the Property Disposal, if completed, will realize the value of the Property and provide the relevant Eligible Shareholders with an additional cash distribution through the Cash Dividend on Property Disposal.

Accordingly, we consider that the financial effects of the Proposals and the Property Disposal should not be assessed in the same manner as an ordinary disposal where the listed issuer continues to operate and retain the sale proceeds. Rather, the Proposals and the Property Disposal should be viewed as part of the overall arrangements to realize the value of the Company's assets, return cash to the relevant Eligible Shareholders, proceed with the Proposed Delisting and, thereafter, implement the Winding Up Proposal.

Having reviewed the Pro Forma Financial Information as set out in Appendix V to the Circular and the financial effects of the Property Disposal described in note 13 thereto, and having considered, among other things, the expected unaudited gain on the Disposal, the cash return under the Special Dividend on Disposal, the role of the Capital Reorganization in creating additional reserves available for distribution, the Cash Dividend on Property Disposal, and the fact that the Remaining Group will have limited operations and assets following Closing, we consider that the financial effects of the Proposals and the Property Disposal do not alter our view that the Proposals and the Property Disposal are fair and reasonable so far as the Independent Shareholders and the CT Independent Shareholders, respectively, are concerned.

RECOMMENDATION

In respect of the Proposals, having considered the principal factors and reasons discussed above, in particular:

(i) the Group is principally engaged in the general aviation aircraft piston engine business through the Target Group and, upon Closing, the Company will cease to hold any equity interest in the Target Company or any other Target Group Company;

(ii) **the Target Group carried out the Group's principal operating business and accounted for** 100% of the total revenue of the Group for FY2025, while the Remaining Group will have no business and consist substantially of cash following Closing;

(iii) having reviewed the industry data published by GAMA, the FAA Forecast and the industry outlook disclosed in the 2025 Annual Report, **the industry outlook of the Group's existing** principal operating activities is mixed, with growth in the broader general aviation market but only modest growth in the piston airplane segment, and with longer-term structural challenges in the fixed-wing piston aircraft segment in the United States;

(iv) the Proposals would allow the Company to unlock the value of its investments in the Target Group and provide the relevant Eligible Shareholders with an immediate opportunity to realize their investment in cash through the Special Dividend on Disposal, and the Capital Reorganization is intended to create additional reserves available for distribution to facilitate the payment of the Special Dividend on Disposal without changing the number of issued Shares or the proportionate shareholdings of the Shareholders;

(v) the Estimated Minimum Special Dividend on Disposal of HK$0.4238 per Share represents a substantial premium over the average closing price and the highest closing price of the Shares during the Pre-3.5 Announcement Period, as well as the audited and adjusted consolidated net asset value of the Company attributable to the Shareholders per Share as at 31 December 2025. Although the closing price of the Shares as at the Latest Practicable Date was higher than the Estimated Minimum Special Dividend on Disposal, the Share **price following the publication of the Joint Announcement may have reflected the market's** expectation that the Proposals would be implemented and may not be sustained if the Proposals are not implemented;

(vi) having regard to the historical trading volume of the Shares, the Proposals provide the Independent Shareholders, particularly those holding a sizeable number of Shares, with an opportunity to realize their investment in cash without being subject to the execution risk and potential price pressure associated with on-market disposals;

(vii) the implied P/E Ratio of the Proposals based on the Estimated Minimum Special Dividend on Disposal is above the range of the P/E Ratios of the Comparable Companies, while the implied P/B Ratio is within the range of the P/B Ratios of the Comparable Companies, and both ratios are higher than the corresponding trading multiples of the Company, which supports our view that the valuation implied by the Estimated Minimum Special Dividend on Disposal is not unfavorable to the Independent Shareholders;

(viii) following Closing, the Remaining Group is expected to have insufficient operations and assets to support the continued listing of the Shares under Rule 13.24(1) of the Listing Rules, and the Proposed Delisting forms part of the overall arrangements under the Proposals;

(ix) the Proposals are subject to the Approval Threshold under Note 7 to Rule 2 and Rule 2.10 of the Takeovers Code, which provides a shareholder approval safeguard for the Independent Shareholders; and

(x) having reviewed the shareholding structure of the Company and the Irrevocable Undertakings given by the Controlling Shareholders, which collectively hold approximately 46.40% of the issued Shares, and having discussed with the Management, who confirmed that no competing proposal had been received by the Company as at the Latest Practicable Date, any competing bidder would face higher execution uncertainty to secure sufficient shareholder support, and therefore the emergence of an attractive competing proposal with a credible path to completion is considered unlikely,

we consider that the Proposals are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we recommend the Independent Shareholders, to vote in favor of the resolution to approve the Proposals at the SGM.

In respect of the Property Disposal, having considered the principal factors and reasons discussed above, in particular:

(i) the Property Disposal enables the Company to realize the value of a non-core asset and is consistent with the overall objective of realizing the Company's assets and distributing cash to the relevant Eligible Shareholders in connection with the Proposed Delisting and Winding Up Proposal, and, as compared with the alternative plan, provides greater execution certainty and enables the net proceeds to be returned to the relevant Eligible Shareholders earlier;

(ii) the Property Disposal Consideration of HK$69.5 million was determined after arm's length negotiations between the Company and AVIC Innovation (HK) Group with reference to prevailing market prices of comparable properties of similar nature and age in the vicinity, and the implied consideration per square foot on a gross floor area basis falls within the range and is slightly below the overall average of the unit rates of the comparable properties considered by the Company;

(iii) the Property Disposal Consideration is slightly higher than the market value of the Property of HK$69.3 million as appraised by the Independent Valuer, and the implied consideration per square foot on saleable area basis falls within the range of comparable unit rates adopted by the Independent Valuer;

(iv) although the Company recorded an unaudited estimated loss of approximately HK$37 million during the six months ended 30 June 2026 in respect of the Property, having considered the declining trend in the Hong Kong private office market since 2022, we consider that the latest market valuation and relevant market comparables are more relevant than the historical carrying value of the Property for the purpose of assessing the Property Disposal Consideration, and such accounting effect does not alter our view of the fairness and reasonableness of the Property Disposal;

(v) the Property Disposal Consideration, after deduction of stamp duty, will be distributed in full to the relevant Eligible Shareholders as Cash Dividend on Property Disposal, such that the economic benefit of the Property Disposal will be returned to the relevant Eligible Shareholders in cash; and

(vi) the Cash Dividend on Property Disposal does not form part of the Proposals and is not inter-conditional with the Disposal or the Special Dividend on Disposal,

we are of the opinion that the terms of the Property Disposal are on normal commercial terms and fair and reasonable so far as the CT Independent Shareholders are concerned, and the Property Disposal is in the interests of the Company and the CT Independent Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the CT Independent Shareholders, and we recommend the CT Independent Shareholders, to vote in favor of the ordinary resolution to approve the Property Disposal and the Cash Dividend on Property Disposal at the SGM.

Yours faithfully,
For and on behalf of
Maxa Capital Limited

Dian Deng
Managing Director

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 18 years of experience in corporate finance industry.