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

(Incorporated in Bermuda with limited liability)

(Stock code: 232)

PROPOSED CAPITAL REORGANIZATION

Reference is made to (i) the 3.7 Announcement dated 29 May 2026; and (ii) the Joint Announcement issued by the Company and the Purchaser on 5 June 2026. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Joint Announcement.

PROPOSED CAPITAL REORGANIZATION

As at the date of this announcement, the authorized share capital of the Company is HK\$1,000,000,000 comprising 10,000,000,000 Shares of HK\$0.1 each, of which 9,303,374,783 Shares have been issued and are fully paid or credited as fully paid.

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

- (i) the Capital Reduction whereby the issued share capital of the Company will be reduced by a cancellation of the paid-up capital of the Company to the extent of HK\$0.095 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.1 to HK\$0.005;
- (ii) subject to and conditional upon the Capital Reduction taking effect, the Diminution and Increase, being the cancellation of all the authorized but unissued share capital of the Company (which shall include the authorized but unissued share capital arising from the Capital Reduction) in its entirety and forthwith upon such cancellation, the increase in the authorized share capital of the Company to HK\$50,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorized share capital of the Company to HK\$50,000,000 divided into 10,000,000,000 New Shares;
- (iii) the Share Premium Reduction whereby the entire amount standing to the credit of the share premium account of the Company will be cancelled; and
- (iv) the transfer of the credits arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act and the granting of authorization to the Board to use the contributed surplus account of the Company in whole or in part in any manner permitted by the laws of Bermuda and the Bye-laws in effect from time to time without further authorization from the Shareholders, including but not limited to the payment in whole or in part of the Special Dividend on the Disposal and any further distributions to the Shareholders as and when the Board considers appropriate.

The Capital Reorganization is conditional upon fulfillment of the conditions contained in the section headed “Conditions for the Capital Reorganization” in this announcement.

A special resolution approving the Capital Reorganization will be proposed at the SGM. A circular containing, among other things, further details of the Capital Reorganization together with a notice convening the SGM and the related proxy form, are expected to be despatched by the Company to the Shareholders later today (i.e., 31 August 2026).

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Effect of the Capital Reorganization

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

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

Conditions for the Capital Reorganization

The implementation of the Capital Reorganization is conditional upon:

- (i) the Closing having occurred;
- (ii) the passing of the special resolution approving the Capital Reorganization by the Shareholders at the SGM;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be allotted and issued by the Company after the Capital Reorganization becomes effective;
- (iv) compliance with section 46(2) of the Companies Act, including the Directors being satisfied that on the date on which the Capital Reduction and the Share Premium Reduction are to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction and the Share Premium Reduction would be, unable to pay its liabilities as they become due;
- (v) the compliance with the relevant procedures and requirements under the Bye-laws, the laws of Bermuda and the Listing Rules to effect the Capital Reorganization; and
- (vi) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganization.

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

Status of the New Shares

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

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

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

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

Board lot size

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

Reasons for the Capital Reorganization

Under the applicable Bermuda laws and the Bye-laws, the Company in general meeting may make a distribution to the Shareholders out of any contributed surplus but is restricted from funding distribution out of its share premium account or share capital. The Capital Reorganization is intended to create additional credits in the contributed surplus account of the Company to the effect that the Company would have sufficient reserves available for distribution to fund the payment of the Special Dividend on the Disposal and any further distributions to the Shareholders as and when the Board considers appropriate. It is expected that the Company will not have sufficient reserves available for distribution to fund the payment of the Special Dividend on the Disposal in its entirety unless the Capital Reorganization is carried out.

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

EXPECTED TIMETABLE OF THE CAPITAL REORGANIZATION

Set out below is the expected timetable of the Capital Reorganization:

Event	(Hong Kong dates and time)
Despatch date of the circular with notice and form of proxy for the SGM	Monday, 31 August 2026
Latest date and time for lodging transfers of Shares to qualify for attending and voting at the SGM	4:30 p.m. on Tuesday, 15 September 2026
Book closure period of the Company's register of Shareholders to determine Shareholders qualified to attend and vote at the SGM	Wednesday, 16 September 2026 to Monday, 21 September 2026 (both days inclusive)
Latest time and date for lodging proxy forms for the SGM	11:00 a.m., on Saturday, 19 September 2026
SGM	11:00 a.m., on Monday, 21 September 2026
Announcement of the results of the SGM	on Monday, 21 September 2026

The following events are conditional on the fulfilment of the conditions of the Capital Reorganization:

Expected effective date of the Capital Reorganization. Closing Date

First day of the free exchange of the
Existing Share Certificates for the
New Share Certificates for the New Shares Closing Date

Dealings in the New Shares commence^(Note) 9:00 am on the Closing Date

Last day for free exchange of the
Existing Share Certificates for the
New Share Certificates for the New Shares 4:30 pm on the Business Day
before the effective date of
withdrawal of listing of the Shares

Note: Included for illustrative purposes only. For any avoidance of doubt, there will be no trading of the New Shares as the last trading date of the Shares on the Stock Exchange is on Tuesday, 22 September 2026, prior to the expected effective date of the Capital Reorganization on Wednesday, 30 September 2026.

Details of the expected Closing Date and effective date of withdrawal of listing of the Shares will be set out in the circular to be issued in connection with the SGM. All times and dates stated above refer to Hong Kong local times and dates unless otherwise specific. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

A special resolution approving the Capital Reorganization will be proposed at the SGM. A circular containing, among other things, further details of the Capital Reorganization together with a notice convening the SGM and the related proxy form, are expected to be despatched by the Company to the Shareholders later today (i.e., 31 August 2026).

As no Shareholder has a material interest in the proposed Capital Reorganization, none of the Shareholders will be required to abstain from voting on the resolution to approve the Capital Reorganization.

DEFINITIONS

In this announcement, unless otherwise defined below, capitalized terms used herein shall have the same meanings as those defined in the Joint Announcement:

“3.7 Announcement” the announcement of the Company dated 29 May 2026 pursuant to Rule 3.7 of the Takeovers Code

“Board” the board of Directors

“Bye-laws”	the bye-laws of the Company as may be amended from time to time, and the “Bye-law” shall mean a bye-law of the Bye-laws
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.095 on each of the issued Shares
“Capital Reorganization”	the proposed Reorganization of the share capital of the Company involving the Capital Reduction, the Share Premium Reduction and the Crediting of Contributed Surplus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	Continental Aerospace Technologies Holding Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 232)
“Crediting of Contributed Surplus”	the credit arising from the Capital Reduction and the Share Premium Reduction being credited to the contributed surplus account of the Company for use by the Board in any manner permitted by the laws of Bermuda and the Bye-laws in effect from time to time without further authorization from the Shareholders, including but not limited to the payment in whole or in part of the Special Dividend on the Disposal and any further distributions to the Shareholders as and when the Board considers appropriate
“Diminution and Increase”	subject to and conditional upon the Capital Reduction taking effect, the proposed cancellation of all the authorized but unissued share capital of the Company (which shall include the authorized but unissued share capital arising from the Capital Reduction) in its entirety and forthwith upon such cancellation, and the proposed increase in the authorized share capital of the Company to HK\$50,000,000 divided into 10,000,000,000 New Shares
“Existing Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Existing Share Certificate(s)”	the certificates for the Existing Share(s)
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Joint Announcement”	the announcement jointly published by the Company and the Purchaser, dated 5 June 2026, in connection with the Proposals, the Property Disposal and other matters described therein
“New Share(s)”	the ordinary share(s) of HK\$0.005 each in the share capital of the Company upon the Capital Reorganization taking effect
“New Share Certificate(s)”	the certificate(s) for the New Share(s)
“SGM”	the special general meeting of the Shareholders to be held at 11:00 a.m., on Monday, 21 September 2026 to consider and approve, among other things, the Capital Reorganization
“Share(s)”	means immediately before the Capital Reorganization taking effect, the Existing Share(s), or immediately upon the Capital Reorganization taking effect, the New Share(s), as applicable
“Shareholder(s)”	holder(s) of the Share(s)
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

WARNING

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.

By order of the Board of
Continental Aerospace Technologies Holding Limited
Huang Yongfeng
Chairman

Hong Kong, 31 August 2026

As at the date of this announcement, the Board comprises Mr. Huang Yongfeng, Mr. Zhang Zhibiao, Mr. Yu Xiaodong, Ms. Hu Min and Mr. Huang Kai as executive Directors; Mr. Chow Wai Kam as non-executive Director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Zhang Ping as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.