This summary aims to give you an overview of the information contained in this Prospectus and should be read in conjunction with the full text of this Prospectus. As this is only a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined or explained in "Definitions" and "Glossary of Technical Terms" in this Prospectus.

OVERVIEW

We design, develop, manufacture, and sell premium aircraft recognized across the personal aviation industry, which incorporate innovations in safety, technology, connectivity, performance, and comfort. Our market share in the global personal aviation market was 32.0% in 2023 based on the number of units delivered, according to Frost & Sullivan. Our two aircraft product lines, the SR2X Series and the Vision Jet, have successfully set the industry standard for owner-piloted aircraft and are currently certified and validated in more than 60 countries. The SR2X Series aircraft has been the best-selling single-engine piston model for the last 22 consecutive years, according to General Aviation Manufacturers Association ("**GAMA**"), which is recognized as the only reliable and authorized trade association in the general aviation industry, according to Frost & Sullivan. First delivered in 2016, our Vision Jet is designed for owners to fly at jet speed without requiring support from a full-time pilot or flight department and has been the best-selling business jet for the last six consecutive years, according to GAMA and Frost & Sullivan. We provide a wide range of products and services which include maintenance, upgrades, training, and Cirrus-branded social events.

Since our inception in 1984 in Wisconsin, United States, we have delivered over 9,700 SR2X Series aircraft and over 500 Vision Jet aircraft.

As part of our wide-ranging product offering strategy, our SR2X Series consists of an entry level aircraft, the SR20, as well as the SR22 and SR22T, both of which offer increasing levels of performance and capabilities addressing different customer needs and preferences for a single-engine piston aircraft. SR2X Series aircraft can typically carry up to four adults and one child. The Vision Jet targets a different and more premium segment of the personal aviation market and offers significantly enhanced performance, capabilities and specifications at a higher price point. The Vision Jet can typically carry up to five adults and two children.

Our design philosophy is customer-centric and focuses on enhancing the aviation experience by surrounding the operators and occupants with safety, advanced technology and architecture, and connectivity, as well as ease of use, comfort and personalization, and performance. The resulting design features are tightly integrated to deliver a convenient product experience.

We equip each aircraft with a patented Cirrus Airframe Parachute System ("**CAPS**"), which has saved over 250 people since its introduction in 1999. Our recent and future Vision Jet aircraft are and will be equipped with Safe Return, an emergency auto-landing system which allows a passenger in the cabin to land the aircraft safely with the single touch of a button in the event of a pilot's incapacitation. Our safety innovation extends beyond to numerous active and passive mitigations for different situations, including loss of control, mid-air collision, pilot incapacitation, loss of engine power, flight into terrain, adverse weather conditions, and runway incursion. Our commitment to safety in addition to our award-winning training and learning systems, Cirrus Approach and Cirrus Embark, and our engaged community of owners and operators, have allowed us to achieve general aviation's safest accident records in the United States. Our total accident rate per 100,000 flight hours is three times lower than the general aviation industry average, according to Frost & Sullivan.

Since inception, we have focused on a "close-to-customer" model as an enterprise priority. Under this model, we are able to quickly respond to customer needs and ensure a close connection between our prospective and existing owners and operators in each aspect of the aircraft sales process, including dedicated sales person, product demonstration, contracting, finance, insurance, and delivery, making Cirrus aircraft ownership convenient and efficient. We have also established a sales presence in more than 36 countries around the world through our sales agents and Cirrus sales agents ("**CSAs**"), enabling us to reach customers on a global scale. Our sales network consists of our in-house sales team based in the United States, Canada, United Kingdom and France. We require all of our sales team to be experienced pilots qualified to provide flight demonstrations directly to customers.

We have developed a wide-ranging global post-sale ownership and support ecosystem that makes owning and operating our aircraft as convenient to access as owning and operating a car. Through our dedicated business unit "Cirrus Services" and adjacent products and solutions, we provide service and support, maintenance, parts fulfillment, flight training, pilot services and aircraft management services that collectively enable easy aircraft ownership. As of the Latest Practicable Date, our global customer base owned in excess of 10,000 of our aircraft. Our Vision Center in Knoxville, Tennessee provides the flagship customer experience, including aircraft delivery, personalization consultations, flight training, maintenance and parts fulfillment, and complete aircraft management services.

Our manufacturing philosophy centers on product quality, continuous improvement, flexibility, and high operating efficiency. We operate two primary Cirrus-owned manufacturing sites, including a high volume composite parts manufacturing facility in Grand Forks, North Dakota and a final aircraft assembly and production flight test campus located in Duluth, Minnesota. The Grand Forks, North Dakota operation produces composite parts using a variety of advanced materials including carbon composites. Our composite structures manufacturing capabilities are a core strength and competitive advantage given the required investments and lengthy process for know-how development in the design, manufacturing, and non-destructive inspection processes. Further, we also maintain our competitive advantage through our tooling processes and capability. We have designed our manufacturing and assembly capabilities to be seamlessly connected and provide efficient development cycles. For example, we purchased a supplier facility that specializes in metal fabrication to add to our Duluth, Minnesota campus to further vertically integrate key components for our aircraft. In addition, we further increased vertical integration of our manufacturing processes with another facility in our Duluth, Minnesota campus that makes sub-components/sub-assemblies that we sequence into the line for final assembly, such as flight controls. Integration of our production process gives us the flexibility to quickly implement incremental design modifications to enhance aircraft performance and simplify the manufacturing process. The continuous investments we have made in our FAA-certified manufacturing processes would be difficult for potential competitors to replicate, providing us with a significant moat and competitive advantage.

By leveraging our market leadership and continuous product innovation, we have achieved a remarkable financial track record. For the years ended December 31, 2021, 2022 and 2023, we recorded revenue of US$738.1 million, US$894.1 million and US$1,067.7 million, respectively, representing a CAGR of 20.3%, and profit for the year of US$72.4 million, US$88.1 million and US$91.1 million, respectively, representing a CAGR of 12.2%. We achieved a return on equity and adjusted EBITDA margin (non-IFRS measure) of 21.1% and 15.2% for 2023, respectively. As of December 31, 2023, our gearing ratio was 0.1. As of the Latest Practicable Date, we had a backlog of 1,320 aircraft, which will support our production for several years. Due to our backlog, we take reservations from our customers to purchase a Vision Jet, which gives the customer a place in the queue. As of the Latest Practicable Date, our backlog included 260 reservations. See "Business — Sales and Marketing — Aircraft Orders and Delivery."

OUR BUSINESS MODEL

We design, develop, manufacture, and sell single-engine piston and jet aircraft. Our global post-sale ownership and support ecosystem enable easy aircraft ownership.

We currently offer two aircraft product lines: (1) the SR2X Series, our single-engine piston aircraft primarily for retail customers which is comprised of three models: the SR20, the SR22 and the SR22T with specialized configurations for fleet and other specific applications; and (2) the Vision Jet, our single-engine jet aircraft primarily for retail customers and to a lesser extent charter operational use. Our aircraft are available for sale and delivery around the world and have a base price ranging from US$626,900 to US$3,240,000.

Each of our aircraft is designed to prioritize safety, advanced technology and architecture, and connectivity, as well as ease-of-use, comfort and performance. We integrate advanced technologies, such as CAPS (our award-winning, whole airframe plane parachute), Cirrus IQ™ (our connected digital platform and mobile application which collects a wide range of flight data and aircraft data during flight to provide pilots useful data on their aircraft) and Safe Return (our emergency auto-landing system) on the Vision Jet, bringing a safe, premium and enhanced experience to our customers. We also personalize and customize our aircraft for specific purposes, such as for institutional flight training or charter fleets, as well as various customers for other specific applications, otherwise known as special mission. Our continued focus on product improvement leads to model upgrades and ongoing generational changes to equip our aircraft with new technologies and designs to remain at the forefront of the industry.

We consider the production and sale of our aircraft to be the beginning of a life-long relationship with our customers. In 2018, we launched Cirrus Services, our customer-centric business unit that provides lifestyle-based solutions for flight training, aircraft maintenance and management and financing for individual aircraft owners and operators with a wide range of flight needs. Through Cirrus Services, we address the challenges of a fragmented aircraft market by creating lifestyle-based solutions for our customers, regardless of the ownership cycle of our aircraft. By leveraging the smooth integration of our advanced technologies to create aircraft that directly connect to the customer and their lifestyle, combined with the various benefits offered as part of our Cirrus Services business unit, we have created a wide-ranging ecosystem that enhances customer satisfaction and brand loyalty. Our direct-to-customer model is enabled by our global ecosystem. See "Business — Our Ecosystem" for more information. As of December 31, 2023, we had established a sales presence in more than 36 countries, through our sales agents and CSAs, enabling us to reach our customers globally.

OUR PRODUCT PORTFOLIO

We design, produce and sell single-engine piston and jet aircraft with a focus on continuously improving performance, safety and comfort by leveraging our innovative technologies and advanced systems. We offer an innovative and complementary product portfolio that covers a range of personal aviation solutions. Our aircraft are primarily operated for personal and business travel and are typically piloted by the aircraft owners who have earned certification to fly the aircraft. Each of our aircraft is produced with composite materials and equipped with advanced features. See "Business — Our Product Portfolio — Technically Advanced Aircraft Features" for more information.

				
Model	SR20	SR22	SR22T	Vision Jet
Engine	Piston	Piston	Piston	Jet
Max Cruise Speed (KTAS)	155	183	213	311
Max Operating Altitude (ft)	17,500	17,500	25,000	31,000
Max Range (55% Power) (nm)	709	1,169	1,021	1,275
Useful Load (lbs)	1,028	1,328	1,246	2,450
Max Takeoff Weight (lbs)	3,050	3,600	3,600	6,000
Takeoff (ft)	1,685	1,082	1,517	2,036
Max Passengers	5	5	5	7
Price Range as of the Latest Practicable Date(1)(2)	US$626,900–US$922,000	US$838,900–US$1,295,900	US$963,900–US$1,493,800	US$3,240,000–US$3,634,700
First Delivery	July 1999	February 2001	June 2010	December 2016
Total Deliveries as of the Latest Practicable Date	1,862	4,527	3,349(3)	548
Approximate Product Life Cycle(4)	<—— 12,000 flight hours ——>			24,000 flight hours

Notes:

(1) Performance figures and prices reflect aircraft delivered in 2024.

(2) The price range shown above represents the difference between the base price of the aircraft and a fully customized version of the same aircraft.

(3) SR22T's predecessor was the SR22TN. The SR22T in its current configuration was first delivered in 2010. Total deliveries of the SR22T include deliveries of the SR22TN.

(4) Represents the certified service life, the service life limit documented in the airworthiness certificate.

The following table sets forth the breakdowns of (i) our revenue by revenue stream, (ii) our gross profit and gross profit margin by revenue stream and (iii) the number of aircraft we delivered to customers by aircraft model for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Revenue						
Aircraft	619,612	83.9	759,740	85.0	915,654	85.8
SR2X Series	384,638	52.1	492,825	55.1	613,340	57.4
SR20	42,618	5.8	57,049	6.4	69,690	6.5
SR22	111,920	15.2	142,772	16.0	138,667	13.0
SR22T	230,100	31.1	293,004	32.8	404,983	37.9
Vision Jet	234,974	31.8	266,915	29.9	302,314	28.4
Cirrus Services and Other	118,518	16.1	134,342	15.0	152,054	14.2
Aftermarket Parts/ Maintenance(1)	47,996	6.5	63,996	7.2	80,711	7.6
Training	12,712	1.7	15,787	1.8	19,800	1.9
Preowned Aircraft	10,320	1.4	23,611	2.6	26,648	2.5
Other	47,490	6.5	30,948	3.4	24,895	2.2
Total	**738,130**	**100.0**	**894,082**	**100.0**	**1,067,708**	**100.0**

	Gross Profit US$'000	*Gross Profit Margin %*	*Gross Profit US$'000*	*Gross Profit Margin %*	*Gross Profit US$'000*	*Gross Profit Margin %*
Gross Profit and Gross Profit Margin						
Aircraft	219,798	35.5	258,217	34.0	313,935	34.3
Cirrus Services and Other	22,477	19.0	39,913	29.7	50,757	33.4
Total	**242,275**	**32.8**	**298,130**	**33.3**	**364,692**	**34.2**

	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Number of Aircraft Delivered(2)						
SR2X Series	442	83.7	539	85.7	612	86.4
SR20	81	15.3	100	15.9	115	16.2
SR22	131	24.8	159	25.3	142	20.1
SR22T	230	43.6	280	44.5	355	50.1
Vision Jet	86	16.3	90	14.3	96	13.6
Total	**528**	**100.0**	**629**	**100.0**	**708**	**100.0**

Notes:

1. Aftermarket Parts/Maintenance includes extended warranty and JetStream program.
2. Does not include aircraft kits that can be assembled into aircraft. Except for five aircraft produced in the year ended December 31, 2023, three of which will be delivered by March 31, 2024, and two of which will be used as corporate demonstrator assets until December 31, 2024 or a buyer is found, whichever occurs first, all aircraft produced for delivery were delivered during the Track Record Period. For the years ended December 31, 2021, 2022 and 2023, SR2X deliveries included five, 28 and 49 aircraft modified for our TRAC series, which is for flight training purposes.

During the Track Record Period, the SR2X Series had a higher gross profit margin as compared to Vision Jet due to their different stage of development, given that the SR2X Series was initially certified by the FAA in 1998 with its first delivery in 1999, while the Vision Jet was only certified by the FAA and had its first delivery in 2016. The SR2X Series enjoyed better economies of scale as compared to the Vision Jet during the Track Record Period from years of design, cost and efficiency improvements and favorable market pricing (in terms of both sales and supplies), while the Vision Jet is relatively new and has yet to achieve these. See "Business — Our Product Portfolio" for details of the SR2X Series and the Vision Jet.

The increase in gross profit margin for Cirrus Services and Other from 19.0% in 2021 to 29.7% in 2022 was primarily as a result of the increase in the proportion of our revenue coming from services with higher margins, including JetStream program and flight training, as compared to other categories of Cirrus Services and Other, and the increase in gross profit margin for Cirrus Services and Other to 33.4% in 2023 was primarily due to the revenue from AG Zhejiang for aircraft development that was recognized during 2023, while the majority of the associated cost was incurred and recognized in prior years. See "Connected Transactions — Non-Exempt Connected Transactions that are subject to Reporting, Annual Review and Announcement Requirements — 1. Connected Transactions relating to the AG100/SR10 Program — One-off AG100/SR10 aircraft development transaction — Aircraft Development Program Agreement" for details of the aircraft development program with AG Zhejiang.

OUR STRENGTHS

We believe that the following competitive strengths are important to our current success and future growth:

- Established market leader widely recognized in the personal aviation industry;
- Complementary product portfolio with compelling market positioning that appeals to a diversified customer base;
- Direct-to-customer model enabled by connected ecosystem;
- Customer centric designs and features supported by advanced proprietary technology;
- Distinctive development and commercialization capabilities fortify industry position; and
- Experienced senior management team with proven track record.

OUR STRATEGIES

To deliver a wide-ranging and connected premium aviation experience and expand our market leadership in the personal aviation industry in the United States and globally, we intend to focus on the following key strategies:

- Monetize installed base through establishing, among many things but not limited to, new maintenance programs, and expanding aircraft management solutions and an array of useful customer services;
- Enhance flight training solutions;
- Advance and expand our aircraft and services portfolio;
- Advance production capabilities;
- Expand our markets globally; and
- Establish on-demand personal aviation solutions.

TOP CUSTOMERS AND SUPPLIERS

Top Customers

Our customers primarily consist of (i) retail customers and (ii) institutional operators, including for fleet and other specific purposes, such as college and university aviation programs, professional pilot academies, and airline training facilities for professional training (as opposed to recreational or private pilot training) and commercial operations.

During the Track Record Period, our products were sold to customers in 44 countries and territories around the world. Our sales to the five largest customers in each year during the Track Record Period in aggregate accounted for 10.7%, 8.3% and 7.8% of our total revenue for the respective years. The sales to our largest customer in each year during the Track Record Period accounted for approximately 5.6%, 2.4% and 2.0% of our total revenue for the respective years.

During the Track Record Period, three of our five largest customers in 2023, three of our five largest customers in 2022 and two of our five largest customers in 2021, each of whom acted as our CSAs, were also our suppliers. For more details on our CSA Model, see "Business — Sales and Marketing — Our CSA Model." CAIGA Group (excluding our Group) was our largest customer in each of 2021 and 2022, and was one of our five largest customers in 2023, with our revenue from CAIGA Group amounting to US$41.1 million, US$21.8 million and US$11.5 million, which accounted for 5.6%, 2.4% and 1.1% of our total revenue in 2021, 2022 and 2023, respectively. The three entities within CAIGA Group (namely, AG Huanan, AG Zhejiang and AG Services) that we had transactions with during the Track Record Period are wholly-owned subsidiaries of CAIGA, our Controlling Shareholder, and therefore associates of our Controlling Shareholders and our connected persons. See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services. Save for the aforementioned connected persons, as of the Latest Practicable Date, to the best of our knowledge, all of our five largest customers in each year during the Track Record Period were independent third parties, and none of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers in each year during the Track Record Period.

Top Suppliers

Our suppliers primarily consist of manufacturers and developers of avionics systems, composite materials, propulsion, cabin and interior systems. Our purchases from our five largest suppliers in each year during the Track Record Period in aggregate accounted for 51.0%, 51.5% and 51.4% of our total purchases, for the respective years. The purchases from our largest supplier in each year during the Track Record Period accounted for approximately 21.4%, 19.0% and 19.5% of our total purchases for the respective years.

Among our five largest suppliers in each year during the Track Record Period, Continental is our connected person. Continental is a wholly-owned subsidiary of Continental Aerospace Technologies Holding Limited (大陸航空科技控股有限公司), which as of the Latest Practicable Date was indirectly held as to approximately 46.40% by AVIC, our Controlling Shareholder, and therefore an associate of AVIC and a connected person of our Company. The purchases from Continental in each year during the Track Record Period accounted for approximately 8.7%, 8.2% and 9.6% of our total purchases for the respective years. With the exception of Continental, as of the Latest Practicable Date, to the best of our knowledge, all of our five largest suppliers in each year during the Track Record Period were independent third parties, and none of our Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital, had any interest in any of our top five suppliers in each year during the Track Record Period. See "Connected Transactions" for additional information regarding our connected relationship and transactions with Continental.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

Factors that affect competition in our industry include price, reliability, safety, regulations, reputation, aircraft availability, equipment and quality, consistency and ease of service and investment requirements. We believe that our reputation for quality, innovation, safety, the performance and design of our aircraft, our brand image and our Cirrus Services offerings that promote long-lasting relationships with our customers, including through our ecosystem, make us competitive. According to Frost & Sullivan, we were the largest personal aircraft manufacturer in the global personal aviation market with a market share of 32.0% in 2023 based on the number of units delivered and with a market share of 24.9% in 2023 based on sales revenue.

We believe that we have competitive advantages over our peers in the personal aviation industry, including the quality of our broad product portfolio, our focus on innovation and integrating advanced technologies, our wide-ranging global post-sale ownership and support ecosystem and our direct and CSA sales models, distinctive production capabilities and substantial investments in product development.

INTERNATIONAL SANCTIONS RELEVANT TO CERTAIN BUSINESS ACTIVITIES AND AFFILIATES

One of our Controlling Shareholders, AVIC and certain of its subsidiaries ("**Identified CMIC Entities**"), were designated by the U.S. Department of the Treasury on the NS-CMIC List under Executive Order 13959 ("**EO 13959**"), on June 3, 2021, with an effective date of August 2, 2021. Our Group does not have any historical or ongoing transactions with any of the Identified CMIC Entities.

The Company and its subsidiaries are not listed on the NS-CMIC List, and the sanctions applicable to AVIC as a CMIC do not apply to the Company and its subsidiaries. As such, Hogan is of the view that the restrictions applicable to United States persons from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities of companies on the NS-CMIC List do not apply to the Company, which is not itself designated by OFAC on the NS-CMIC List.

The offer, sale and purchase of the securities of the Company, including the offer, sale and purchase of the shares of the Company in connection with the Offering or subsequently the trading of the Company's shares on the Stock Exchange, to any person would not result in sanctions applicable to AVIC administered under EO 13959, as amended, or any related OFAC rules or regulations.

The Relevant Persons participating in the Offering (including but not limited to, for the avoidance of doubt, potential investors in the Offering) would not result in sanctions applicable to AVIC administered under EO 13959, as amended, or any related OFAC rules or regulations. Existing shareholders of the Company (including those who are United States persons) can continue to own the shares of the Company and would not be required to dispose of their shares of the Company, as the sanctions applicable to AVIC as a CMIC would not apply to the Company and its subsidiaries.

During the Track Record Period and up to the Latest Practicable Date, we entered into certain transactions with non-sanctioned customers involving the Relevant Regions, and we also entered into transactions with AG Huanan and AG Zhejiang in compliance with applicable International Sanctions. AG Huanan and AG Zhejiang were designated by the BIS on the Military End-User List on December 23, 2020 and are restricted from receiving items subject to the EAR and listed in supplement no. 2 to part 744 of the EAR without a license. As advised by Hogan, who has performed the procedures they consider necessary and relied on the Company's screening of all its customers in the Relevant Regions, during the Track Record Period and up to the Latest Practicable Date, our business operations in the Relevant Regions did not constitute a violation of the applicable International Sanctions. As advised by Hogan, our transactions with AG Huanan and AG Zhejiang during the Track Record Period and up to the Latest Practicable Date did not violate International Sanctions applicable to the two entities. Our Directors confirm, during the Track Record Period and up to the Latest Practicable Date, we had been in strict compliance with the terms and conditions of the licenses issued by BIS and we did not enter into any transactions with AG Huanan or AG Zhejiang without first obtaining relevant export licenses after their designation by the BIS.

Based on the above and as further elaborated in "Business — International Sanctions relevant to Certain Business Activities and Affiliates", our Directors are of the view and as advised by Hogan, during the Track Record Period and up to the Latest Practicable Date, we had (i) been in compliance with all applicable sanctions laws and regulations; (ii) obtained all requisite export licenses from the BIS prior to conducting each transaction with AG Huanan and/or AG Zhejiang after they were listed on the Military End-User List in December 2020; (iii) been in strict compliance with the terms and conditions of the licenses issued by the BIS; (iv) not entered into any transactions subject to any International Sanctions and/or export control other than those with AG Huanan and AG Zhejiang (the "Identified MEU Entities"); and (v) put in place effective and adequate internal control measures, policies and procedures to identify and monitor any material risks relating to, and ensure compliance with, sanctions and anti-bribery laws.

Based on the due diligence conducted (including but not limited to reviewing the underlying documents relating to the BIS licenses, reviewing documents relevant to our internal control measures, obtaining confirmations from the management, independently conducting background checks on the Identified MEU Entities and regulatory searches, and considering the view of Hogan as mentioned above and the results of the internal control review conducted by the internal control consultant of the Company), nothing has come to the attention of the Sole Sponsor that would cause it to disagree with the Director's views.

See "Risk Factors — We could be adversely affected as a result of any sales we make to certain countries or certain customers that are, or become subject to, sanctions administered by the U.S., the European Union, the United Nations, the UK, Australia and other relevant sanctions authorities", "Risk Factors — Our business is subject to risks associated with changes in the general macroeconomic, political, social and regulatory conditions in the markets in which we operate" and "Business — International Sanctions relevant to Certain Business Activities and Affiliates" for more information.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of consolidated financial information as of and for the three years ended December 31, 2023. We have derived this summary from our financial information set forth in the Accountant's Report set out in Appendix I to this Prospectus. The summary financial data set forth below should be read together with our consolidated financial information and the related notes, as well as the section headed "Financial Information."

Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss with line items in actual terms and as a percentage of our total revenue for the years indicated derived from our consolidated statements of profit or loss set out in the Accountant's Report included in Appendix I to this Prospectus:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
REVENUE	**738,130**	**100.0**	**894,082**	**100.0**	**1,067,708**	**100.0**
Cost of sales	(495,855)	(67.2)	(595,952)	(66.7)	(703,016)	(65.8)
GROSS PROFIT	**242,275**	**32.8**	**298,130**	**33.3**	**364,692**	**34.2**
Selling and marketing expenses	(66,391)	(9.0)	(88,290)	(9.9)	(106,766)	(10.0)
General and administrative expenses	(93,661)	(12.7)	(102,486)	(11.5)	(135,184)	(12.7)
OPERATING PROFIT BEFORE OTHER INCOME	**82,223**	**11.1**	**107,354**	**12.0**	**122,742**	**11.5**
Other income, net	7,486	1.0	4,779	0.5	1,372	0.1
OPERATING PROFIT	89,709	12.2	112,133	12.5	124,114	11.6
Finance costs	(3,509)	(0.5)	(3,199)	(0.4)	(5,529)	(0.5)
PROFIT BEFORE INCOME TAX	**86,200**	**11.7**	**108,934**	**12.2**	**118,585**	**11.1**
Income tax expenses	(13,797)	(1.9)	(20,858)	(2.3)	(27,442)	(2.6)
PROFIT FOR THE YEAR	**72,403**	**9.8**	**88,076**	**9.9**	**91,143**	**8.5**

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS.

We believe that adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. However, our presentation of a non-IFRS measure may not be comparable to similarly titled measures presented by other companies.

The following table sets forth the reconciliation of our non-IFRS measures for the years indicated with the nearest measure prepared in accordance with IFRS:

	For the year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Reconciliation of profit to adjusted profit for the year (non-IFRS measure) and adjusted EBITDA for the year (non-IFRS measure):			
Profit for the year	72,403	88,076	91,143
Add back:			
Listing expenses [(Note)]	—	—	7,243
Adjusted profit for the year (non-IFRS measure)	72,403	88,076	98,386
Add back:			
Finance costs	3,509	3,199	5,529
Income tax expenses	13,797	20,858	27,442
Depreciation of property, plant and equipment	18,248	13,596	16,857
Depreciation of right-of-use assets	2,507	3,995	4,068
Amortization of intangible assets	14,421	15,866	15,650
Less:			
Interest income	(834)	(696)	(5,788)
Adjusted EBITDA for the year (non-IFRS measure)	124,051	144,894	162,144

Note: Listing expenses represent expenses relating to this Global Offering.

The following table sets forth the breakdown of our total cost of sales by nature for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Aircraft						
Material	287,965	72.0	354,549	70.7	412,791	68.6
Labor and Overhead	77,931	19.5	98,938	19.7	120,394	20.0
Other	33,918	8.5	48,036	9.6	68,534	11.4
Total	**399,814**	**100.0**	**501,523**	**100.0**	**601,719**	**100.0**
Cirrus Services and Other						
Cirrus Services	43,072	44.8	54,984	58.2	68,520	67.6
Other	52,969	55.2	39,445	41.8	32,777	32.4
Total	**96,041**	**100.0**	**94,429**	**100.0**	**101,297**	**100.0**

Material and labor and overhead of Aircraft, which includes our SR2X Series and Vision Jet aircraft, constituted the largest components of our cost of sales during the Track Record Period. In 2021, 2022 and 2023, material and labor and overhead of Aircraft represented 73.8%, 76.1%, and 75.8% of our total cost of sales, respectively. See "Financial Information — Key Components of our Consolidated Statement of Profit or Loss — Cost of Sales" for details.

Our profit for the year increased by 21.6% from US$72.4 million in 2021 to US$88.1 million in 2022 and increased further by 3.5% to US$91.1 million in 2023, primarily due to the increase in revenue derived from (i) Aircraft, which includes our SR2X Series and Vision Jet aircraft, as a result of increased aircraft deliveries driven by increased customer demand, and price increases driven by new feature launches and in response to broader inflationary pressures, and (ii) Cirrus Services and Other, which represents a wide-ranging service and experience offering and a wide variety of other ancillary products and services, facilitated by our broader sales and service presence and our continued expansion in our service offerings.

Consolidated Statements of Financial Position

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Non-current assets	470,242	530,724	581,393
Current assets	316,680	419,013	426,542
Total assets	786,922	949,737	1,007,935
Non-current liabilities	138,113	147,596	147,589
Current liabilities	348,151	413,409	386,970
Total liabilities	486,264	561,005	534,559
Equity	300,658	388,732	473,376
Total equity and liabilities	786,922	949,737	1,007,935
Net current (liabilities)/assets	(31,471)	5,604	39,572

As of December 31, 2023, we had net current assets of US$39.6 million, as compared to net current assets of US$5.6 million as of December 31, 2022, primarily due to a decrease in accrued product liability, an increase in inventories and a decrease in customer deposits, partially offset by a decrease in reinsurance recoverable and an increase in employee wages and benefits payable.

As of December 31, 2022, we had net current assets of US$5.6 million, as compared to net current liabilities of US$31.5 million as of December 31, 2021, primarily due to increases in reinsurance recoverable, inventories and cash and cash equivalents, partially offset by an increase in customer deposits, accrued liabilities and accrued product liability.

Our net assets increased from US$300.7 million as of December 31, 2021 to US$388.7 million as of December 31, 2022 and increased further to US$473.4 million as of December 31, 2023, primarily as a result of the increase in our retained earnings due to our profit for the year of US$88.1 million in 2022 and US$91.1 million in 2023, respectively.

Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Net cash generated from operating activities	198,277	132,859	113,291
Net cash used in investing activities	(47,519)	(71,033)	(90,637)
Net cash (used in)/generated from financing activities	(126,143)	47	(19,039)
Net increase in cash and cash equivalents	24,615	61,873	3,615
Cash and cash equivalents at beginning of the year	156,766	181,381	243,254
Cash and cash equivalents at ending of the year	181,381	243,254	246,869

For a detailed discussion of the historical changes in certain key items in our consolidated statements of cash flows, see "Financial Information — Liquidity and Capital Resources — Cash Flows."

Key Financial Ratios

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	As of/For the year ended December 31,		
	2021	2022	2023
Gross profit margin(1)	32.8%	33.3%	34.2%
Net profit margin(2)	9.8%	9.9%	8.5%
Return on equity(3)	27.4%	25.6%	21.1%
Return on total assets(4)	9.6%	10.1%	9.3%
Adjusted profit margin (non-IFRS measure)(5)	9.8%	9.9%	9.2%
Adjusted EBITDA margin (non-IFRS measure)(6)	16.8%	16.2%	15.2%
Current ratio(7)	0.9	1.0	1.1
Quick ratio(8)	0.6	0.7	0.8
Gearing ratio(9)	0.2	0.2	0.1

Notes:

(1) Gross profit margin calculated using gross profit for the year divided by revenue for the year and multiplied by 100%.

(2) Net profit margin is calculated using profit for the year divided by revenue for the year and multiplied by 100%.

(3) Return on equity ratio is profit for the year as a percentage of the average balance of total equity at the beginning and the end of the year and multiplied by 100%.

(4) Return on total assets ratio is profit for the year as a percentage of the average balance of total assets at the beginning and the end of the year and multiplied by 100%.

(5) Adjusted profit margin (non-IFRS measure) represents adjusted profit for the year (non-IFRS measure) divided by revenue for the year and multiplied by 100%. For details of the adjusted profit for the year (non-IFRS measure), see "— Non-IFRS Measures."

(6) Adjusted EBITDA margin (non-IFRS measure) represents adjusted EBITDA (non-IFRS measure) divided by revenue for the year and multiplied by 100%. For details of the adjusted EBITDA (non-IFRS measure), see "— Non-IFRS Measures."

(7) Current ratio is calculated using total current assets divided by total current liabilities.

(8) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.

(9) Gearing ratio is calculated using total debt (being interest-bearing borrowings) divided by total equity.

The decreases in our (i) net profit margin from 9.9% for 2022 to 8.5% for 2023, (ii) adjusted profit margin (non-IFRS measure) from 9.9% for 2022 to 9.2% for 2023, (iii) adjusted EBITDA margin (non-IFRS measure) from 16.2% for 2022 to 15.2% for 2023, (iv) return on equity from 25.6% for 2022 to 21.1% for 2023 and (v) return on total assets from 10.1% for 2022 to 9.3% for 2023 were primarily due to (x) a higher increase in our general and administrative expenses in 2023, which was mainly attributable to an increase of 25.5% in employee expense in 2023 as a result of the inflationary labor pressure and growth in our general and administrative (including product development) headcount as well as to the listing expenses incurred in 2023 and an increase in product liability expense in 2023, and (y) other than the adjusted EBITDA margin (non-IFRS measure), an increase in income tax expenses in 2023, which was primarily due to the withholding tax associated with the dividend declared and paid from Cirrus Industries to our Company and certain non-deductible listing expenses. See "Financial Information — Review of Historical Results of Operations — Year Ended December 31, 2023 Compared to Year Ended December 31, 2022 — General and Administrative Expenses" and "Financial Information — Review of Historical Results of Operations — Year Ended December 31, 2023 Compared to Year Ended December 31, 2022 — Income Tax Expense" for details. The decreases in our return on equity and return on total assets were also due to the increases in our total equity and total assets from December 31, 2022 to December 31, 2023.

OFFERING STATISTICS

The numbers in the following table are based on the assumptions that (i) the Share Subdivision and the Global Offering has been completed and 54,875,900 Shares are issued and sold in the Global Offering, (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and (iii) 365,839,218 Shares are issued and outstanding following the completion of the Share Subdivision and the Global Offering.

	Based on an Offer Price of HK$27.34 per Share	Based on an Offer Price of HK$28.00 per Share
Market capitalization after completion of the Global Offering[(2)]	HK$10,002 million	HK$10,243 million
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share[(3)(4)]	HK$6.33	HK$6.40

Notes:

(1) All statistics in this table are presented based on the assumption that the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

(2) The calculation of market capitalization is based on 365,839,218 Shares expected to be in issue and outstanding following the completion of the Share Subdivision and the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" to this Prospectus and on the basis that a total of 365,839,218 Shares were in issue assuming that the Share Subdivision and the Global Offering have been completed on December 31, 2023 but takes no account of any Shares which may be issued upon the exercise of (i) Offer size Adjustment Option; (ii) the Over-allotment Option or (iii) any Shares which may be issued or repurchased by the Company.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share has not taken into account the special cash bonus under the management incentive plan of US$12.8 million based on the low-end of the indicative Offer Price range and assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised or US$13.1 million based on the high-end of the indicative Offer Price range and assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised. See "Directors and Senior Management — Management Incentive Plan" for details. Had such special cash bonus (assuming a special cash bonus of US$12.8 million or US$13.1 million based on the low-end or high-end of the indicative Offer Price range of HK$27.34 per Share or HK$28.00 per Share respectively, and assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised) been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would decrease by approximately US$0.04 per Share (equivalent to approximately HK$0.31 per Share), and the unaudited pro forma adjusted consolidated net tangible assets per Share would have been approximately US$0.77 per Share (equivalent to approximately HK$6.01 per Share) and US$0.78 per Share (equivalent to approximately HK$6.09 per Share), based on the Offer Price of HK$27.34 per Share and HK$28.00 per Share, respectively.

OUR CONTROLLING SHAREHOLDERS

In June 2011, CAIGA acquired the Group by way of a merger with Legacy Cirrus Industries. For details, see "History, Reorganization and Corporate Structure — Our Corporate Development — Our Principal Subsidiaries — Cirrus Industries and Legacy Cirrus Industries."

Immediately following completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised), CAIGA Hong Kong will directly hold approximately 85.0% of the total issued share capital of our Company. The entire issued share capital of CAIGA Hong Kong is held by CAIGA, which is owned as to approximately 73.39% by AVIC. Therefore, AVIC, CAIGA and CAIGA Hong Kong are considered as a group of Controlling Shareholders of our Company under the Listing Rules. Our Controlling Shareholders further confirmed that, as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our current businesses, and requires disclosure under Rule 8.10 of the Listing Rules. Furthermore, our Controlling Shareholders executed a non-competition undertaking in favor of our Company on June 24, 2024, pursuant to which they undertook that they would not, and would procure their subsidiaries (other than members of our Group) not to, directly or indirectly, engage in any principal business activity that competes or is likely to compete with our principal business. See "Relationship with our Controlling Shareholders."

We expect that there will be certain continuing connected transactions between our Group and the associates of our Controlling Shareholders after the Listing. See "Connected Transactions."

DIVIDEND

In June 2023, we declared and paid a dividend to CAIGA Hong Kong in the amount of US$6.5 million from our profits. No other dividend has been paid or declared by our Company during the Track Record Period.

Currently, we do not have a formal dividend policy or a fixed dividend payout ratio. Our Board of Directors may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and applicable laws. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board of Directors. In addition, our Directors may from time to time pay such interim dividends as our Board of Directors considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

RISK FACTORS

Our business and the Global Offering involved certain risks, which are set out in the section headed "Risk Factors" in this Prospectus. You should read that section in its entirety before you decide to invest in the Offer Shares. Some of the major risks we face include:

- Changes in consumer demand and preferences may affect our financial results;

- We could be adversely affected as a result of any sales we make to certain countries or certain customers that are, or become subject to, sanctions administered by the U.S., the European Union, the United Nations, the UK, Australia and other relevant sanctions authorities;

- Our business is subject to risks associated with changes in the general macroeconomic, political, social and regulatory conditions in the markets in which we operate;

- Our business and growth strategies are subject to uncertainties and risks, including those relating to customer acceptance and commercial success of our strategies, and significant capital expenditure and investments for new product and service offerings, which may materially and adversely affect our business, financial condition, results of operations and prospects;

- If we suffer substantial interruptions to our production activities to the extent that we are not able to compensate such interruptions by increasing the production capacity of our remaining production facilities, our business, financial condition, results of operations and prospects could be materially and adversely affected;

- We are subject to the risks of serving customers in foreign countries that could adversely impact our business;

- Environmental regulation and liabilities, including new or developing laws and regulations, or our initiatives in response to pressure from our stakeholders may increase our costs of operations and adversely affect us;

- We face risks associated with our supply chain. If we experience any delay or interrupted supply, or if the quality of the supplies does not meet the required standards, our business, financial condition, results of operations and prospects could be materially and adversely affected;

- Reliance on a limited number of suppliers, including for our aircraft engines and other key components poses risks to production of our aircraft;

- We are dependent upon our senior management team and qualified personnel with specialized skills, and our business, financial condition, results of operations and prospects may suffer if we lose their services;

- Developing and launching new products, services and technologies entails significant risks and uncertainties;

- We could suffer losses and adverse publicity stemming from any accident involving our aircraft; and

- Our significant intangible assets and goodwill may expose us to write-downs and other risks associated with periodic impairment tests carried out pursuant to IAS 36.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our total listing expenses (including underwriting commission) will be approximately US$16.0 million, accounting for approximately 8.2% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$27.67 per share, being the mid-point of the indicative Offer Price range stated in this Prospectus and the Over-allotment Option and the Offer Size Adjustment Option are not exercised). During the Track Record Period, listing expenses of approximately US$7.2 million were charged to our consolidated statements of profit or loss for the year ended December 31, 2023, and approximately US$1.3 million were capitalized to our consolidated statements of financial position and recognized as prepaid listing expenses as of December 31, 2023, which are expected to be deducted from equity upon Listing as they are directly attributable to the issue of the Shares to the public. The estimated remaining listing expenses of approximately US$2.1 million are expected to be charged to our consolidated statements of profit or loss for the year ending December 31, 2024, and approximately US$5.4 million are expected to be deducted from equity upon Listing. The listing expenses consist of US$5.0 million underwriting-related expenses and US$11.0 million non-underwriting-related expenses (including fees and expenses of legal advisors and the reporting accountant of US$8.4 million and other fees and expenses of US$2.6 million).

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,393.5 million (equivalent to US$178.4 million) after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming that the Over-allotment Option and the Offer Size Adjustment Option are not exercised and assuming an Offer Price of HK$27.67 per Share, being the mid-point of the indicative Offer Price range of HK$27.34 to HK$28.00 per Share in this Prospectus.

We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- 30% of the net proceeds, or approximately HK$418.0 million (equivalent to US$53.5 million), will be used to fund innovation, product enhancements, continuing product improvements, and additional research and development activities. By leveraging our extensive IP portfolio, market-leading innovations and R&D professionals, we seek to develop features that would improve the performance, safety and comfort of our aircraft while integrating and adapting new technologies. We will also develop new features focused on these areas and incorporating emerging trends and technologies for both the SR2X Series and Vision Jet Series aircraft;

- 30% of the net proceeds, or approximately HK$418.0 million (equivalent to US$53.5 million), will be used to enhance our production efficiency and capacity;

- 30% of the net proceeds, or approximately HK$418.0 million (equivalent to US$53.5 million), will be used to fund improvement and expansion of service, sales and support for our products and services provided in our ecosystem, both in geographically and in total capacity; and

- 10% of the net proceeds, or approximately HK$139.5 million (equivalent to US$17.9 million), will be used for our general working capital and other general corporate purposes to support our business operation and growth.

For further details, see "Future Plans and Use of Proceeds" in this Prospectus.

IMPACT OF THE COVID-19 PANDEMIC

The global COVID-19 pandemic led to strict government controls on business operations and travel. While we experienced growth as a result of increased demand for personal aircraft alternatives, we were also impacted due to restrictions related to the pandemic. Due to the outbreak of the pandemic, we suspended most operations for approximately one month in 2020. We also had a reduction in workforce. The suspension of manufacturing operations contributed to decreases in our deliveries in 2020, an increase to our backlog, and changes in our inventories, raw materials costs and employee costs during the Track Record Period. The COVID-19 pandemic did not have a material adverse effect on our financial condition or results of operations. With our recovery from the short-term adverse impact of the COVID-19 pandemic, we have continued to grow during the Track Record Period, in part as a result from the growth in the personal aviation industry as a result of the pandemic. According to Frost & Sullivan, the personal aviation industry has seen a growth in terms of market size during the Track Record Period, due in part to the increasing demand and consumption preferences of consumers to seek enhanced and premium travel options and the stimulating effects of the COVID-19 pandemic. The COVID-19 pandemic led to reductions in commercial air travel which increased demand for personal aviation alternatives and increased opportunities for individuals to obtain their private pilot's license as many prospective customers had greater time and resources during this period due to shutdowns and strong equity performance. Global personal aircraft deliveries increased from 1,927 units in 2021 to 2,215 units in 2023. For more information on other drivers of our growth, see "Industry Overview — Key Drivers for Personal Aviation Aircraft and Service Market Growth."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business model remained unchanged subsequent to the Track Record Period. Since the end of the Track Record Period and up to May 31, 2024, our business continued to grow. As of May 31, 2024, we had delivered over 9,600 SR2X Series aircraft and over 500 Vision Jet aircraft, and we had a backlog of 1,338 aircraft, including approximately 260 reservations for the Vision Jet. For the five months ended May 31, 2024, we recorded a small decrease in the number of aircraft produced and delivered, as compared to the five months ended May 31, 2023, as we prepared our existing manufacturing processes for the new product content related to the seventh generation of the SR2X Series aircraft which was launched in January 2024. For the five months ended May 31, 2024, we produced 251 aircraft (214 SR2X Series aircraft and 37 Vision Jet) and delivered 186 aircraft (158 SR2X Series aircraft and 28 Vision Jet), as compared to 272 aircraft produced (235 SR2X Series aircraft and 37 Vision Jet) and 188 aircraft delivered (155 SR2X Series aircraft and 33 Vision Jet) for the five months ended May 31, 2023. Our production capacity (weekly output), actual units produced (average weekly output) and utilization rate for the SR2X Series aircraft for the five months ended May 31, 2024 was 14.0, 10.9 and 78%, respectively, as compared to 14.0, 12.1 and 86%, respectively, for the five months ended May 31, 2023. For the Vision Jet, our production capacity (weekly output), actual units produced (average weekly output) and utilization rate for the five months ended May 31, 2024 remained flat at 2.2, 1.9 and 86%, respectively, as compared to 2.2, 1.9 and 87%, respectively, for the five months ended May 31, 2023. The decrease in average weekly output and utilization rate in relation to the SR2X Series for the five months ended May 31, 2024 as compared to the five months ended May 31, 2023 was primarily due to preparing the existing manufacturing processes for the new product content related to the seventh generation of the SR2X Series which was launched in January 2024.

Recent Regulatory Developments

Recent Airworthiness Directives

From time to time, the FAA issues airworthiness directives, which are legally enforceable rules that apply to certain products, namely aircraft, aircraft engines, propellers, and appliances. FAA regulation places the compliance obligation of airworthiness directives on anyone who operates a product that does not meet the requirements of an applicable airworthiness directive.

FAA airworthiness directives are common in the personal aviation industry, according to Frost & Sullivan. During the Track Record Period, the aircraft of our major competitors (including Textron, Diamond, Piper Aircraft, Bombardier and Pilatus) were subject to requirements under an average of approximately 6.4 airworthiness directives that were issued by the FAA. For more details on airworthiness directives that were applicable to our aircraft and/or components installed on our aircraft during the Track Record Period and how we respond to airworthiness directives, see "Business — Airworthiness Directives, Quality Control and Assurance."

June 2023 Airworthiness Directive

On June 12, 2023, the FAA issued an airworthiness directive AD 2023-09-09 requiring certain inspection and corrective actions in relation to turbocharged, reciprocating (i.e., piston) aircraft engines with a certain V-band coupling installed, regardless of manufacturer. This airworthiness directive was prompted by the ongoing analysis by the FAA of failure modes of commonly-used V-band couplings which connect the flanges of the turbocharger exhaust housing and the exhaust tailpipe. This airworthiness directive creates no incremental workload on us as annual inspections of V-band couplings similar to the requirement under this AD have been included in the relevant maintenance manual of the relevant engines prior to the effective date of this airworthiness directive, and there is no requirement for inspection on new aircraft pre-delivery as the condition addressed by this airworthiness directive is fatigue failure of spot-welded, multi-segment V-band couplings. We do not foresee any incremental cost on us as caused by this airworthiness directive. The engine manufacturer (i.e., Continental) is responsible for carrying out and bearing the costs arising from the various compliance steps required under this airworthiness directive if the affected aircraft are under associated warranty. See "Business — Production — Airworthiness Directives, Quality Control and Assurance".

March 2023 Airworthiness Directive

On March 6, 2023, the FAA issued an airworthiness directive requiring certain corrective actions for all our Vision Jet aircraft as set forth in a service bulletin we issued. Such procedures included booting the avionics in configuration mode, inhibiting the CAPS autopilot, fabricating and installing information placards, revising the airplane flight manual, and revising the existing airplane maintenance manual or instructions for continued airworthiness and existing approved maintenance or inspection program. For certain airplanes, the service bulletin also required modifying the wiring to remove the CAPS power timer functionality. This airworthiness directive was prompted by reports of an accident due to uncommanded activation of CAPS autopilot mode while in flight. The required actions needed to be carried out within 25 hours time-in-service after the effective date of the airworthiness directive, i.e. March 21, 2023.

Approximately 405 Vision Jet aircraft were affected by this airworthiness directive, as of December 8, 2022, which is the date we first released our service bulletin. We do not expect more Vision Jet aircraft to be affected in the future, as this airworthiness directive impacted only aircraft with certificates of airworthiness ("**COA**") issued prior to December 8, 2022. All Vision Jet aircraft receiving a COA after December 8, 2022 have had appropriate remedies implemented in order to obtain the COA and are not affected by this airworthiness directive. All aircraft that were in production and had not yet received a COA had the appropriate remedies implemented on the production line, which did not result in any delays in deliveries.

In connection with implementing the relevant service bulletin inspections and procedures as well as product enhancements in field, we (i) had, as of the Latest Practicable Date, incurred an aggregate of approximately US$141,000, and (ii) are expected to incur approximately US$1.1 million of additional expenses, primarily related to the implementation of a service bulletin issued on December 1, 2023 comprising a product enhancement to restore functionality disabled by the airworthiness directive. In connection with any redesign and certification processes, we have incurred such costs as product development costs that are part of our ongoing sustaining engineering efforts and did not incur any additional costs beyond our ordinary budget/forecast for ongoing sustaining engineering efforts.

February 2023 Airworthiness Directive

On February 23, 2023, the FAA issued an airworthiness directive, requiring all aircraft fitted with certain Continental engines to have their crankshaft assembly inspected, and corrective action to be taken before any further flight. This airworthiness directive was prompted by a report of a quality escape involving improper installation of counterweight retaining rings in the engine crankshaft counterweight groove during manufacture. According to the FAA, the airworthiness directive was issued to prevent departure of counterweight and retaining hardware from the crankshaft assembly, which could result in loss of engine oil pressure, catastrophic engine damage, engine seizure, and consequent loss of the aircraft. The airworthiness directive required inspection of the crankshaft assembly for proper installation of the counterweight retaining rings in the counterweight groove, and corrective actions if improper installation was found.

We were alerted to the issue stated in the airworthiness directive when we became aware of a related pending Continental service bulletin which was ultimately issued on February 13, 2023. Upon learning of the issue from the service bulletin, our production and delivery of all SR22 and SR22T aircraft was slowed down until inspections could be completed on 44 affected Continental engines in production stock and work-in-progress. Such inspections were all completed by March 3, 2023. On March 3, 2023, we had also completed the inspection of all finished aircraft which had received a certificate of airworthiness ("**COA**") and were awaiting customer delivery. Our corporate fleet operations of affected aircraft were also suspended, with all inspections of affected corporate fleet aircraft having been completed by June 2023. Once the service bulletin and the subsequent airworthiness directive were issued, we immediately contacted affected customers to inform them of the service bulletin and airworthiness directive, and re-iterated the need to immediately have their aircraft inspected pursuant to the service bulletin and airworthiness directive. A total of 537 fielded SR22 and SR22T aircraft were affected by the airworthiness directive.

In addition, our production and delivery of new SR22 and SR22T models were affected because we diverted our production resources to complete the inspections and our supply of Continental engines was affected while Continental performed inspections. We also diverted our factory service center resources to prioritize completion of inspections, which resulted in disruptions in our provision of other factory service center services such as maintenance. As a result, the airworthiness directive affected both delivered aircraft and undelivered aircraft. For delivered aircraft, we have contacted affected customers of the service bulletin and airworthiness directive, and, as of December 31, 2023, 469 out of 537, or approximately 87%, of aircraft have had the service bulletin procedures performed. For undelivered aircraft, we estimate that delivery of a total of 40 SR22 and SR22T airplanes was delayed on average by three to four weeks. We formulated a plan to temporarily increase our manufacturing capacity in order to fulfill the deliveries that were delayed and as a result we were successful in making all the deliveries that were expected in 2023. Given the above, and given we are not required to undergo any re-design or certification and the direct costs of inspections and repairs were reimbursed by Continental, we did not have a material adverse effect on our operations or financial performance during the Track Record Period and up to the Latest Practicable Date.

2023 Executive Order

On August 9, 2023, President Biden issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (the "**2023 Executive Order**") and the U.S. Department of Treasury issued an Advance Notice of Proposed Rulemaking ("**ANPRM**") alongside the 2023 Executive Order. See "Risk Factors — Our business is subject to risks associated with changes in the general macroeconomic, political, social and regulatory conditions in the markets in which we operate." As advised by Hogan, the risk of our business operation to be subject to the 2023 Executive Order and the implementing regulations, pursuant to the intended focus set out in the ANPRM, is low, given our business focusing on sales of single-engine piston and jet aircraft in the personal aviation sector. Accordingly, our Directors are of the view that the 2023 Executive Order and the implementing regulations are not expected to have any material adverse impact on our business operations and compliance status.

Post-IPO Arrangements

Pursuant to a management incentive plan adopted by the board of Cirrus Industries (which is the holding company for all of our operating subsidiaries) with details agreed between CAIGA and the management team, based on the indicative Offer Price range as disclosed in this Prospectus and the corresponding scale of the Company's market capitalization immediately upon Listing, a special cash bonus (the "**Special Cash Bonus**") with the aggregate amount of 1% of the market capitalization of the Company will be paid after the Listing. Based on the size of the Global Offering as disclosed in this Prospectus, the estimated aggregate amount of the Special Cash Bonus is US$12.8 million (equivalent to HK$100.0 million, based on the low-end of our indicative Offer Price range, assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised) or US$13.1 million (equivalent to HK$102.4 million, based on the high-end of our indicative Offer Price range, assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised). Separate board meetings will be held to determine the specific terms and conditions of the Special Cash Bonus under the Management Incentive Plan, during which the Board of Directors shall review the performance targets and approve the amount of Special Cash Bonus prior to payment, and interested Directors shall abstain from voting and shall not be counted in the quorum present according to the Articles (for more details see "Directors and Senior Management — Management Incentive Plan").

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this Prospectus, there had been no material adverse change in our financial or operating position or prospects since December 31, 2023, which is the end date of the periods reported on in the Accountant's Report set out in Appendix I to this Prospectus, and there had been no event since December 31, 2023 and up to the date of this Prospectus that would materially affect the information as set out in the Accountant's Report included in Appendix I to this Prospectus.