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Application Proof of

Cirrus Aircraft Limited
西銳飛機有限公司

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

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Cirrus Aircraft Limited
西銳飛機有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**[REDACTED]**
Nominal value	**:**	**US$0.50 per Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED], [REDACTED], [REDACTED] *and* [REDACTED]**

CICC 中金公司

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

CONTENTS

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SUMMARY

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

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 jet under US$7.0 million for the last six consecutive years, according to GAMA. 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 9,500 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 1,383 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 265 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.

SUMMARY

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	1,811	4,500	3,262[3]	522
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 (大陆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 **[REDACTED]**, **[REDACTED]** and **[REDACTED]** of the shares of the Company in connection with the **[REDACTED]** or subsequently the **[REDACTED]** 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 **[REDACTED]** (including but not limited to, for the avoidance of doubt, potential **[REDACTED]** in the **[REDACTED]**) 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 Document. 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 Document:

	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 **[REDACTED]** and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. 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:			
[REDACTED] *expenses* *(Note)*	—	—	7,243
Withholding tax	—	—	3,000
Adjusted profit for the year (non-IFRS measure)	72,403	88,076	101,386
Add back:			
Finance costs	3,509	3,199	5,529
Income tax expenses (excluding withholding tax)	13,797	20,858	24,442
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: **[REDACTED]** expenses represent expenses relating to this **[REDACTED]**.

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%	9.5%
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 9.5% 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 a higher increase in our general and administrative expenses in 2023; 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" 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.

[REDACTED]

[REDACTED]

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 **[REDACTED]** (assuming the **[REDACTED]** is not exercised), CAIGA Hong Kong will directly hold approximately **[REDACTED]**% 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 70% 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 [•], 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 **[REDACTED]**. 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 **[REDACTED]** involved certain risks, which are set out in the section headed "Risk Factors" in this Document. You should read that section in its entirety before you decide to **[REDACTED]** in the **[REDACTED]**. 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.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. We estimate that our total **[REDACTED]** expenses (including **[REDACTED]**) will be approximately US$**[REDACTED]**, accounting for approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per share, being the mid-point of the indicative **[REDACTED]** range stated in this Document and the **[REDACTED]** is not exercised). During the Track Record Period, **[REDACTED]** expenses of approximately US$**[REDACTED]** were charged to our consolidated statements of profit or loss for the year ended December 31, 2023, and approximately US$1.3 million were capitalized to our consolidated statements of financial position and recognized as prepaid **[REDACTED]** expenses as of December 31, 2023, which are expected to be deducted from equity upon **[REDACTED]** as they are directly attributable to the **[REDACTED]** of the Shares to the public. The estimated remaining **[REDACTED]** expenses of approximately US$**[REDACTED]** are expected to be charged to our consolidated statements of profit or loss for the year ending December 31, 2024, and approximately US$**[REDACTED]** are expected to be deducted from equity upon **[REDACTED]**. The **[REDACTED]** expenses consist of US$**[REDACTED]** million **[REDACTED]**-related expenses and US$**[REDACTED]** non-**[REDACTED]**-related expenses (including fees and expenses of legal advisors and the reporting accountant of US$**[REDACTED]** and other fees and expenses of US$**[REDACTED]**).

USE OF [REDACTED]

We estimate that we will receive net **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**) after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised and assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per Share in this Document.

We intend to use the net **[REDACTED]** from the **[REDACTED]** 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:

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), 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;

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to enhance our production efficiency and capacity;

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), 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

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), 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 **[REDACTED]**" in this Document.

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 February 29, 2024, our business continued to grow. For the two months ended February 29, 2024, we recorded an increase in the number of aircraft delivered. For the two months ended February 29, 2024, we delivered 33 aircraft, or 25 SR2X Series aircraft and eight Vision Jet, as compared to 30 aircraft, or 24 SR2X Series aircraft and six Vision Jet, for the two months ended February 28, 2023, driven by our increased manufacturing output. As of February 29, 2024, we have delivered over 9,500 SR2X Series aircraft and over 500 Vision Jet aircraft, and we had a backlog of 1,383 aircraft, including 265 reservations for the Vision Jet. Our production capacity (weekly output), actual units produced (average weekly output) and utilization rate for the SR2X Series aircraft for the two months ended February 29, 2024 was 14.0, 4.9 and 35%, respectively, as compared to 14.0, 7.8 and 55%, respectively, for the two months ended February 28, 2023. For the Vision Jet, our production capacity (weekly output), actual units produced (average weekly output) and utilization rate for the two months ended February 29, 2024 was 2.2, 1.8 and 80%, respectively, as compared to 2.2, 0.8 and 34%, respectively, for the two months ended February 28, 2023. The decrease in average weekly output and utilization rate in relation to the SR2X Series for the two months ended February 29, 2024 as compared to the two months ended February 28, 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."

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$137,000, 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 are expected to be reimbursed in full 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-[REDACTED] 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), a special cash bonus (the "**Special Cash Bonus**") with the aggregate amount of no less than 0.5% of the **[REDACTED]** of the Company (i.e., no less than approximately US$**[REDACTED]** (based on the low-end of our indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) or no less than approximately US$**[REDACTED]** (based on the high-end of our indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised)) will be paid after the **[REDACTED]**, with the amount of the Special Cash Bonus to be determined in the interests of our Company and our Shareholders as a whole after taking into account the overall cash flow of our Company to ensure that it could maintain a positive cash flow after the use of working capital and investment of fixed assets (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 Document, 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 Document, and there had been no event since December 31, 2023 and up to the date of this Document that would materially affect the information as set out in the Accountant's Report included in Appendix I to this Document.

In this Document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this Document.

"Accountant's Report"	the Accountant's Report for the three years ended December 31, 2021, 2022 and 2023, the text of which is set out in Appendix I to this **[REDACTED]** document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AG Huanan"	AVIC General Huanan Aircraft Industry Co., Ltd* (中航通飛華南飛機工業有限公司), a limited liability company established in the PRC on July 17, 2012, a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore a connected person of our Company
"AG Services"	AVIC GENERAL Service Co., Ltd.* (珠海中航通用飛機客戶服務有限公司), a limited liability company established in the PRC on December 29, 2015, a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore a connected person of our Company
"AG Zhejiang"	China Aviation Industry General Aircraft Zhejiang Institute Co., Ltd.* (浙江中航通飛研究院有限公司), a limited liability company established in the PRC on July 4, 2017, a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore a connected person of our Company
"Aircraft"	refers to our revenue stream including SR2X Series and Vision Jet aircraft

"Articles," "Articles of Association," "Memorandum and Articles", "Memorandum of Association" or "constitutional documents"	the amended and restated memorandum and articles of association of our Company, conditionally adopted on [•] with effect from the **[REDACTED]**, and as amended from time to time, a summary of which is set out in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix III to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit, Risk Control and Compliance Committee"	the audit, risk control and compliance committee of the Board
"AVIC"	Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司), a limited liability company incorporated in the PRC on November 6, 2008, one of our Controlling Shareholders
"AVIC Group"	AVIC together with its subsidiaries
"backlog"	the total amount of SR2X Series and Vision Jet orders and reservations for aircraft not yet delivered to customers
"BIS"	Bureau of Industry and Security of the U.S. Department of Commerce
"BIS List"	the U.S. Department of Commerce, the Bureau of Industry and Security's Entity List, the Denied Parties List, the Unverified List, the Military End-User List, or Military-intelligence End User List
"Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CAAC"	Civil Aviation Administration of China
"CAGR"	compound annual growth rate

"CAIGA"	China Aviation Industry General Aircraft Co., Ltd.* (中航通用飛機有限責任公司), a limited liability company incorporated in the PRC on February 6, 2009, one of our Controlling Shareholders
"CAIGA Group"	CAIGA together with its subsidiaries
"CAIGA Hong Kong"	CAIGA (Hong Kong) Limited (中航通飛香港有限公司), a company incorporated in Hong Kong with limited liability on December 12, 2019, one of our Controlling Shareholders
	[REDACTED]
"Cayman Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"CFIUS"	the Committee on Foreign Investment in the United States
"China" or "PRC"	the People's Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Cirrus Aircraft Europe"	Cirrus Aircraft Europe Limited, a private company limited by shares incorporated under the laws of the United Kingdom on August 12, 2015, and an indirect wholly-owned subsidiary of the Company
"Cirrus Design"	Cirrus Design Corporation, a corporation incorporated under the laws of Wisconsin on February 25, 1987, and an indirect wholly-owned subsidiary of the Company
"Cirrus Flight Training"	a 35-day flight training program provided to customers by the Company which covers the basic aeronautical skills and experience required to be a FAA-certified pilot

"Cirrus Industries"	Cirrus Industries, Inc., the surviving corporation pursuant to the merger among Legacy Cirrus Industries, CAIGA (US) Co., Ltd. and CAIGA Co., Ltd. in December 2022 as further elaborated in "History, Reorganization and Corporate Structure — Reorganization — 3. Merger of holding entities under the 2022 Merger," and a direct wholly-owned subsidiary of the Company
"Cirrus Services and Other"	refers to our revenue stream including a wide-ranging service and experience offering and a wide variety of other ancillary products and services including but not limited to sales of after market parts, service sales, warranty sales and training sales and revenue from a related party
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," or "our Company"	Cirrus Aircraft Limited 西銳飛機有限公司, an exempted company incorporated in the Cayman Islands with limited liability on December 13, 2019
"Comprehensively Sanctioned Countries"	any country or territory subject to a comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, currently Cuba, Iran, North Korea, Syria, and the Crimea, the self-proclaimed Luhansk People's Republic ("**LPR**") and Donetsk People's Republic ("**DPR**"), Zaporizhzhia and Kherson regions of Ukraine
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules

"Continental"	Continental Aerospace Technologies, Inc. (formerly known as Continental Motors, Inc.), a corporation incorporated under the laws of Delaware on December 6, 2001. Continental is a wholly-owned subsidiary of Continental Aerospace Technologies Holding Limited (大陸航空科技控股有限公司), a company incorporated in Bermuda with limited liability and listed on the Stock Exchange (stock code: 232). As of the Latest Practicable Date, Continental Aerospace Technologies Holding Limited was indirectly held as to approximately 46.40% by AVIC, our Controlling Shareholder, and therefore Continental is a connected person of our Company
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to AVIC, CAIGA and CAIGA Hong Kong. For further details, see "Relationship with Our Controlling Shareholders"
"Convenators"	CAIGA and CAIGA Hong Kong, being the covenantors under the **[REDACTED]**
"COVID-19"	disease caused by SARS-COV-2, the coronavirus disease 2019
"CSAs"	Cirrus sales agents, a network of independent third-party agents that support our international sales efforts and may also provide after-sales services to customers including aircraft maintenance and parts sourcing
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Dakota Aircraft"	Dakota Aircraft Corporation, a corporation incorporated under the laws of North Dakota on July 28, 2014, and an indirect wholly-owned subsidiary of the Company
"Director(s)"	the director(s) of our Company
"EAGLE"	Eliminate Aviation Gasoline Lead Emissions

"EAR"	Export Administration Regulations in Title 15 of the Code of Federal Regulations Parts 730-744
"EPA"	United States Environmental Protection Agency
"ERP"	enterprise resource planning, the capability to centralize and standardize broad operational end-to-end processes
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FAA"	Federal Aviation Administration of the U.S. Department of Transportation
"Faegre"	Faegre Drinker Biddle & Reath LLP, our legal advisor as to U.S. laws in relation to our business operations in the United States
"FARs"	the U.S. Federal Aviation Regulations
"FCPA"	the U.S. Foreign Corrupt Practices Act of 1977

[REDACTED]

"Frost & Sullivan"	Frost & Sullivan Limited, an independent global market research and consulting company
"Frost & Sullivan Report"	the independent industry report prepared by Frost & Sullivan as commissioned by us
"GAMA"	General Aviation Manufacturers Association, which is recognized as the only reliable and authorized trade association in the general aviation industry, according to Frost & Sullivan
"GBP"	British pound, the lawful currency of the United Kingdom
"GHG"	greenhouse gas

[REDACTED]

"Gravel"	Gravel & Shea PC, our legal advisor as to Vermont law
"Group," "our Group," "we," "our," or "us"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

[REDACTED]

"HNWI(s)"	high net worth individual(s)
"Hogan"	Hogan Lovells International LLP, our legal advisor as to U.S. regulatory laws and International Sanctions laws
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China

"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

"Identified MEU Entities"	AG Huanan and AG Zhejiang, which 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
"IFRS" or "IFRSs"	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board

"independent third party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

"International Sanctions"	all applicable laws and regulations related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.S. government, the European Union and its member states, the United Nations, the United Kingdom, or Government of Australia

[REDACTED]

"IT"	information technology

"JetStream"	our comprehensive, pre-paid ownership program available to every Vision Jet customer that includes benefits beyond the standard warranty
"Jia Yuan"	Jia Yuan Law Offices, our legal advisor as to PRC laws
"Latest Practicable Date"	February 29, 2024 being the latest practicable date for ascertaining certain information in this Document before its publication
"Legacy Cirrus Industries"	Cirrus Industries, Inc., a corporation incorporated under the laws of Delaware on February 13, 1996, which was merged with and into CAIGA (US) Co., Ltd. and CAIGA Co., Ltd. in December 2022
	[REDACTED]
"Listing Committee"	the Listing Committee of the Stock Exchange
	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
	[REDACTED]
"Military End-User List"	a list of names maintained by the BIS that identifies foreign parties that are prohibited from receiving items described in the EAR in supplement no. 2 to part 744 of the EAR unless the exporter secures a license

"Non-Competition Undertaking"	the non-competition undertaking executed by our Controlling Shareholders in favor of our Company dated [•], 2024, details of which are set out in the section headed "Relationship with Our Controlling Shareholders — Non-Competition Undertaking" in this Document
"North America"	United States and Canada
"NS-CMIC List"	Non-SDN Chinese Military-Industrial Complex Companies List
"ODA"	FAA's Organization Designation Authorization
"OEM"	original equipment manufacturer, a company that makes a product to be sold by another company
"OFAC"	the U.S. Department of the Treasury's Office of Foreign Assets Control

[REDACTED]

"orders"	gross aircraft orders minus cancelations

[REDACTED]

"Primary Sanctioned Activity"	any activities in or involving a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Target by the Company incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law and regulation **[REDACTED]**
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"R&D"	research and development

"Regions subject to International Sanctions"	any country or territory that is either a Comprehensively Sanctioned Country or is subject to a more limited set of export, import, financial or investment restrictions under sanctions related laws or regulation of the Relevant Jurisdiction
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this document, Relevant Jurisdictions include the United States, EU, UN, the United Kingdom and Australia
"Relevant Persons"	means the Company, together with its **[REDACTED]** and shareholders and persons who might directly or indirectly, be involved in permitting the **[REDACTED]** of its shares including the Stock Exchange and related group companies
"Relevant Regions"	Egypt, Hong Kong, Turkey, Venezuela, Russia (excluding Crimea) and Zimbabwe
"Remuneration Committee"	the remuneration committee of the Board
"Reorganization"	the reorganization arrangement undertaken by our Group, which is described in details in the section headed "History, Reorganization and Corporate Structure" in this Document
"Reporting Accountant"	PricewaterhouseCoopers
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

"SAIC"	Superior Aerospace Insurance Company, a corporation incorporated under the laws of Vermont on June 22, 2005, and an indirect wholly-owned subsidiary of the Company
"SAM"	serviceable addressable market
"Sanctioned Countries"	countries/regions which are subject to sanctions (as of the Latest Practicable Date, Iran, Syria, Sudan, Cuba, North Korea and the territories of Crimea, Zaporizhzhia and Kherson, the self-proclaimed Luhansk People's Republic region and the self-proclaimed Donetsk People's Republic region)
"Sanctioned Person"	certain person(s) and identity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or list of other restricted parties maintained by the U.S., the European Union, the United Nations, the United Kingdom or Australia
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SDN"	individuals and entities that are listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC

"Secondary Sanctionable Activity"	certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
"Securities and Exchange Commission"	the Securities and Exchange Commission of the United States
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$1.00 each prior to the Share Subdivision and US$[0.50] each upon the completion of the Share Subdivision
"Shareholder(s)"	holder(s) of our Share(s)
"Share Subdivision"	the subdivision of each Share in the Company's issued and unissued share capital with par value of US$1.00 each into [two] Shares with par value of US$[0.50] each

[REDACTED]

"Sole Sponsor" or "Sponsor"	China International Capital Corporation Hong Kong Securities Limited

[REDACTED]

"State Council"	State Council of the PRC (中華人民共和國國務院)

[REDACTED]

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholders"	has the meaning ascribed to it in the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"TAM"	total addressable market
"Track Record Period"	the three years ended December 31, 2023
"UK" or "U.K."	the United Kingdom

[REDACTED]

"United States" or the "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. AML Law"	the Bank Secrecy Act, a legislative framework including The Currency and Foreign Transactions Reporting Act of 1970 and provisions in Title III of the USA Patriot Act of 2001, and the Anti-Money Laundering Act of 2020, as amended, and their implementing regulations (31 Code of Federal Regulations Chapter X)
"U.S. dollars" or "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[REDACTED]

"%"	percent

Unless otherwise specified or the context otherwise requires:

1. *statements contained in this Document assume no exercise of the* **[REDACTED]***;*

2. *all times refer to Hong Kong time;*

3. *references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and*

4. *all data in this Document is as of the date of this Document.*

In this Document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "controlling shareholder" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Unless otherwise specified, certain amounts and percentage figures included in this Document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

In this Document, "" denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this Document in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

"airworthiness directive"	legally enforceable rules issued by the FAA to correct an unsafe condition in the following products: aircraft, aircraft engine, propellers and appliances
"AOG"	aircraft on the ground, a term used in aviation maintenance indicating that a problem is serious enough to prevent an aircraft from flying
"CAPS"	Cirrus Airframe Parachute System™, a whole-plane parachute system that is included as standard equipment on all Cirrus aircraft
"Certificate of Aircraft Registration"	Certificate issued in respect of an aircraft by the aviation regulatory authority of each country (for example, the FAA in the United States) that an aircraft owner is required to obtain before such aircraft can be operated
"Cirrus Operating System"	a proprietary operating system developed by Cirrus to establish and standardize operational methods, integrate manufacturing systems and promote the ability to produce parts of the various aircraft models simultaneously on the same production line
"DARC"	Dealer's Aircraft Registration Certificate, issued by the FAA, which allows manufacturers and dealers to operate, demonstrate, and merchandise aircraft to prospective customers without an individual Certificate of Aircraft Registration for each aircraft produced or sold
"ESP"	Electronic Stability and Protection system, an avionics system produced by Cirrus in collaboration with Garmin®, which utilizes Garmin's attitude and heading reference system that consists of sensors on three axes to apply a control force to stabilize flights in the event of pitch or roll deviations that exceed recommended limits

GLOSSARY OF TECHNICAL TERMS

"FBO"	fixed base operator, a term given to a commercial enterprise that has been granted the right by an airport authority to operate on that airport and provide aviation services, such as ground handling, fueling, parking, and other services for personal aircraft
"ft"	feet
"fuel system"	a fuel system of an aircraft allows fuel to be pumped, managed, and delivered to the propulsion system (or engine) of an aircraft
"hot and high"	a condition of low air-density due to high ambient temperature and high airport elevation
"Kanban systems"	an inventory control system used in just-in-time manufacturing (i.e. manufacturing of items to meet demand, not created in surplus or in advance of need) to track production
"KTAS"	knots true airspeed, being the airspeed of the aircraft relative to the air mass it is flying through
"lbs"	pounds
"MRO"	maintenance, repair and overhaul, activities undertaken by an aircraft maintenance facility which include routine inspections, repairs, and upgrades to aircraft systems and components
"nm"	nautical miles, one nautical mile being equivalent to 6,076 feet or 1,852 meters
"private pilot's license"	also known as a private pilot certificate, which is issued by the civil aviation regulatory authority of each country and allows the holder to take command of an aircraft privately but not for remuneration
"Reservation"	a booking to purchase a Vision Jet before a specified delivery date is available

GLOSSARY OF TECHNICAL TERMS

"Safe Return"	Safe Return Emergency Autoland System, an emergency auto-landing system that was created by Cirrus in collaboration with Garmin which enables passengers to land an aircraft fitted with the system in the event of a pilot's incapacitation
"simplified vehicle operations"	the flight systems and user interfaces that apply technology to provide assistance to pilots
"Type Certificate"	certificate issued by the civil aviation regulatory authority of each country (for example, the FAA in the United States) setting out the airworthiness standard for the aircraft type, model, aircraft engine or aircraft propeller
"Type Rating"	certificate issued by the civil aviation regulatory authority of each country (for example, the FAA in the United States) to pilots who have completed requisite training and testing on a specific type of aircraft

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will," "expect," "anticipate," "estimate," "believe," "going forward," "ought to," "may," "seek," "should," "intend," "plan," "projection," "forecast," "could," "vision," "goals," "objective," "target," "schedule," "predict," "project," "aim," "intend," "consider," "would," "continue" and "outlook") are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general political, market and economic conditions;
- any changes in the laws, rules and regulations of the federal and state governments in the United States and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our dividend policy;

- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the United States and the industry and markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution **[REDACTED]** against placing undue reliance on any such forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

An* [REDACTED] *in the Shares involves a high degree of risk. Prospective* [REDACTED] *should carefully consider the following risk factors, together with all other information contained in this Document, before deciding whether to* [REDACTED] *in the Shares. If any of the following events occur or if these risks or any additional risks not currently known to us or which we now deem immaterial materialize, our business, financial condition, results of operations and our ability to meet our financial obligations could be materially and adversely affected. The* [REDACTED] *of the Shares could fall significantly due to any of these events or risks or such additional risks, and you may lose the total value of your* [REDACTED]. *The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Changes in consumer demand and preferences may affect our financial results.

The demand for our aircraft may be adversely impacted by unexpected events in the future. Therefore, future demand for our aircraft could be significantly and unexpectedly less than anticipated and/or less than previous period deliveries. Our orders, sales volumes and revenues may be affected by general economic conditions within the various countries in which our prospective or current owners reside and changing customer preferences and market trends. We have dedicated significant resources to product development and innovation to maintain pace with technological advances in the market and changes in customer preferences. However, we cannot assure you that we will succeed in anticipating or reacting to changes in customer preferences, maintaining pace with advances in design and manufacturing technologies or expanding our product lines and continuing to innovate in the future. In addition, our efforts and investments in product development and innovation may not generate the expected outcomes. If we misjudge the market for our products or are late in recognizing changing trends and customer preferences, we could experience poor returns on investment or damage to our reputation.

Similarly, there is uncertainty as to when or whether our existing backlog for aircraft will convert to revenues as the conversion depends on, among others, production capacity, customer needs and credit availability and affordability. Changes in economic conditions have in the past caused, and in the future may cause, customers to request that firm orders be rescheduled, deferred or canceled. Any failure by us to anticipate or react to such changes may also reduce demand for our aircraft. Reduced demand for our aircraft or delays or cancelations of orders in the future could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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.

The United States and other jurisdictions or organizations, including the European Union, the United Nations, the UK and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries.

During the Track Record Period, we conducted sales of our piston aircraft and parts, directly or indirectly, to customers in the Relevant Regions. We generated revenue of approximately US$11,000, US$22,000 and US$10,400 from transactions involving the Relevant Regions for the years ended December 31, 2021, 2022 and 2023, respectively, representing 0.001%, 0.003% and 0.001% of the Group's total revenue for the years ended December 31, 2021, 2022 and 2023, respectively. The Relevant Regions were subject to various sanctions during the Track Record Period, but none of them was subject to a comprehensive export, import, financial or investment embargo under any sanctions related law or regulation of a Relevant Jurisdiction (i.e., none of them was a Comprehensively Sanctioned Country).

During the Track Record Period, we entered into certain transactions with two customers, AG Huanan and AG Zhejiang, who were designated by 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. Historically, we conducted sales of our piston aircraft and parts to AG Huanan and AG Zhejiang. Upon their designation by BIS, we temporarily suspended any activities involving them in order to obtain the required licenses from BIS. Upon receipt of the required licenses from BIS, we resumed conducting transactions with AG Huanan and/or AG Zhejiang pursuant to the terms and conditions of such BIS licenses. We generated revenue of approximately US$17.2 million, US$13.6 million and US$3.8 million from transactions with AG Huanan for the years ended December 31, 2021, 2022 and 2023, respectively, representing approximately 2.3%, 1.5% and 0.4% of our Group's total revenue for the same years, respectively. We generated revenue of approximately US$20.3 million, US$6.5 million and US$5.5 million from transactions with AG Zhejiang for the years ended December 31, 2021, 2022 and 2023, respectively, representing approximately 2.7%, 0.7% and 0.5% of our Group's total revenue for the same years, respectively. See "Connected Transactions" for further details.

While we have implemented internal control measures to minimize our risk exposure to International Sanctions, sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or

restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of the U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Group. For details on our business operations in the Relevant Regions subject to International Sanctions and transactions with AG Huanan and AG Zhejiang, see the sections headed "Business International Sanctions relevant to Certain Business Activities and Affiliates Business activities with Regions subject to International Sanctions" and "Business International Sanctions relevant to Certain Business Activities and Affiliates Business activities with AG Huanan and AG Zhejiang" in this Document.

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 aircraft were sold to customers in 44 countries and territories during the Track Record Period, and we had approximately 242 authorized service centers globally as of December 31, 2023. Therefore, we are subject to risks associated with changes in the general macroeconomic, political, social and regulatory conditions in the markets in which we operate and our prospective or current owners reside, which are beyond our control. In particular, we face a number of challenges as a result of our international business and expansion strategy, including our ability to effectively recruit, manage and coordinate our employees across different geographic regions; and customs regulations on the import and export of products. If we fail to effectively manage these risks, such failure could impair our ability to operate or expand our business and could materially and adversely affect our business, financial condition, results of operations and prospects.

Recently there have been heightened tensions in international relations, particularly between the United States and China. These tensions have affected both diplomatic and economic ties among countries, and could reduce levels of trade and other economic activities between major economies. The impact of recent geopolitical conflicts on our procurement and current prospects has been minimal. However, there is no assurance that any escalation of geopolitical tension in the future will not create instability in macroeconomic and social conditions, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In the event of a significant geopolitical conflict or a macroeconomic downturn, the demand of our potential end customers may fall. Such events may damage our ability to obtain customer orders and lead to a decrease in future orders received, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the existing tensions and any further deterioration in the relationship between the United States and China may have a negative impact on the general, economic, political, and social conditions in both countries. For example, during his administration, President Donald J. Trump issued several executive orders restricting the operations of certain Chinese companies in the United States. Our operations are primarily based in the United States. Our Company is indirectly wholly-owned by CAIGA, a subsidiary of AVIC, a Chinese state-owned enterprise, which will continue to beneficially own a significant percentage of our Company after the **[REDACTED]**. AVIC, and certain of its subsidiaries, were designated by the U.S. Department of the Treasury ("**U.S. Treasury**") on the Non-SDN Chinese Military-Industrial Complex Companies List ("**NS-CMIC List**") under Executive Order 13959 ("**EO 13959**"), on June 3, 2021, with an effective date of August 2, 2021. EO 13959 prohibits United States persons beginning on August 2, 2021, from purchasing or selling 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 AVIC unless licensed or authorized by the relevant U.S. government authority.

Pursuant to OFAC FAQ 857, the prohibitions in EO 13959, as amended, apply to a subsidiary of an entity listed on the NS-CMIC List only if such subsidiary itself is publicly listed on the NS-CMIC List by the U.S. Treasury pursuant to EO 13959, as amended, or identified in the Annex of EO 13959, as amended. Hogan is of the view that (i) as we are not listed on the NS-CMIC List, the sanctions applicable to AVIC being designated on the NS-CMIC List would not apply to us; (ii) the restrictions applicable to United States persons relating to 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 our Company; and (iii) the securities of our Company would not be considered publicly traded securities that are derivative of publicly traded securities of AVIC or designed to provide investment exposure to publicly traded securities of AVIC. See "Relationship with our Controlling Shareholders" for more details.

Further, we are subject to certain post-merger requirements as set out in the national security agreement entered into among Legacy Cirrus Industries, CAIGA and the U.S. Department of Defense (on behalf of CFIUS) in May 2011 (the "**NSA**") relating to CFIUS' clearance of the 2011 Merger, which our competitors may not be subject to. Such requirements in the NSA primarily include: (i) we are required to provide advance notice to the U.S. Department of Defense regarding any individual who is not solely a U.S. citizen ("**Foreign National**") we sponsor for an employment visa or visitor's visa, or any Foreign Nationals visiting our facilities, with certain exceptions such as Foreign Nationals who are — or are directors, officers, employees or agents of — bona fide customers which are unaffiliated with Cirrus (provided any visit is no more than three days and the visits are infrequent); (ii) we shall keep a log of any visit by a Foreign National for which no notice is required, which shall be made available for inspection by the U.S. Department of Defense and provided to the U.S. Department of Defense every month; (iii) we are required to

appoint a U.S. citizen as a security director to monitor our compliance with the terms of the agreement, and to know at all times the whereabouts of any Foreign National visitor for whom notice is required when present at a Cirrus facility; and (iv) we are required to allow the U.S. Department of Defense to make unannounced site visits to, and inspections of, any Cirrus facility to monitor compliance with the agreement.

Considering, among others, (i) the explicit exception to the advance notice requirements for bona fide customers as provided in the NSA, (ii) during the Track Record Period, approximately 95% of our supplies in terms of costs were sourced from suppliers located in the U.S.; and (iii) the U.S. Department of Defense has not expressed any concern as to notices filed by us or refused any visits pertaining to the notices filed, the requirements as set out in the NSA did not have and are not expected to have any material impact on our business operations and future business development. We also have ongoing connected transactions with entities controlled by CAIGA which are listed on the Military End-User List by the BIS, and we have obtained relevant export licenses and put in place internal control measures for transactions with these entities as detailed in the section headed "Connected Transactions."

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**"). The 2023 Executive Order identified China (including Hong Kong SAR and Macau SAR) as a "country of concern" that will be the focus of a new U.S. outbound investment screening regime, subject to the implementing regulations once issued. The outbound investment screening regime (subject to forthcoming implementing regulations) may require U.S. persons to notify the U.S. Department of Treasury of certain transactions and prohibit U.S. persons from engaging in other transactions related to certain Chinese parties that are engaged in subsectors of the semiconductors and microelectronics, quantum information technologies and certain artificial intelligence systems industries that are critical for the military, intelligence, surveillance, or cyber-enabled capabilities. However, the U.S. Department of Treasury has not implemented any actual regulations yet as a result of the 2023 Executive Order, and the implementation of regulations promulgated under the 2023 Executive Order is not expected until sometime in 2024.

Alongside the 2023 Executive Order, the U.S. Department of Treasury issued an Advance Notice of Proposed Rulemaking ("**ANPRM**"), which provided additional details on the intended focus of the outbound investment program and solicits input from the public to engage its participation in the rulemaking process. 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. While the 2023 Executive Order articulates the broad scope of the outbound investment screening program and some preliminary details, the specifics of the program (including the entities, activities and operations that will be covered thereunder) have yet to be clarified, so the ultimate impact of the program on us will have to await the promulgation of the implementing regulations of the 2023 Executive Order. Based on the foregoing, the Sole Sponsor concurs with our Director's views with respect to the impact of the 2023 Executive Order on our business operations.

Our business may also be adversely impacted by federal, state or local restrictions on land or property ownership by Chinese citizens and companies. Our real property assets in Florida and Tennessee may be regulated by local legislation. There is recent state-level legislation in Florida and Tennessee that regulates land or property ownership by Chinese citizens and companies. Our current real property assets may be subject to a limited registration regime requiring the filing of a registration with relevant government authorities, and our future real property acquisitions in the two states may be affected. Considering that we have no current intention to expand our real property ownership in the two states, and the registration regime would not affect our current interests, we do not anticipate our business operation to be materially impacted by such local legislation. Additionally, other new federal, state or local legislation, regulations or executive orders addressed at protecting U.S. investments in Chinese or Chinese state-owned enterprises, may also become applicable to us. There can be no assurance that our Company and our business operations would not be subject to risks of economic and trade sanctions and/or export control restrictions or other forms of restrictions to our operations in the future due to heightened tensions between the United States and China or otherwise, which may adversely affect our business, financial condition, results of operations and prospects, as well as our ability to raise funds, especially from the U.S. investors, and the liquidity of our publicly traded securities.

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.

Our business and growth strategies include, but are not limited to, monetization of our established customer base, enhancement of our flight training solutions, advancement and expansion of our aircraft and services portfolio, advancement of production capabilities, expansion of our markets globally and establishment of Cirrus Air On-demand. There can be no assurance that any consumer demand in response to such strategies and related initiatives will exist or be sustained at the levels that we anticipate, or that any of these strategies will generate sufficient revenue to offset any new expenses or liabilities associated with any new investments. Moreover, we devote significant financial and other resources to the expansion of our products and service

offerings, including increasing our ability to produce aircraft, and these efforts may not be commercially successful or achieve the desired results. Our financial results and our ability to maintain or improve our competitive position will depend on our ability to effectively gauge the direction of our key markets and successfully identify, develop, market and sell new or improved products and services in these changing markets. Further, any such efforts could distract management from current operations, and would divert capital and other resources from our more established offerings and technologies. Even if we were successful in developing our strategies, regulatory authorities may subject us to new rules or restrictions in response to our strategies that may increase our expenses or prevent us from successfully commercializing new product and service offerings or technologies. If we are not able to identify, capture or execute on these strategies successfully, our business, financial condition, results of operations and prospects could be materially and adversely affected, and any assumptions underlying estimates of expected cost savings or expected revenues may be inaccurate.

Our historical rate of growth may not be sustainable or indicative of our future rate of growth. We believe that our continued growth in revenue, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks and difficulties described elsewhere in this section and the extent to which our various offerings grow and contribute to our results of operations. We cannot provide assurance that we will be able to manage any such challenges or risks to our future growth successfully.

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 operated two manufacturing facilities, including a final aircraft assembly and production flight test campus as of the Latest Practicable Date. Work slowdowns and other forms of industrial action, or any deterioration in relations with our employees, as well as shortages of skilled workers, could cause interruptions to our production cycle. As a result of production constraints, we had a backlog of 1,383 aircraft as of the Latest Practicable Date. Any prolonged interruptions could cause us to fail to meet our contractual obligations to customers in relation to delivery of aircraft and may cause customers to terminate their orders. We have been impacted by delays to order fulfillment from our suppliers in the past. See "— 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." The impact of any such interruptions to our production cycle could cause a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to significant laws, regulations and directives in the U.S. and foreign countries in which we operate. Increasing compliance risks and changes in government regulations imposing additional requirements and restrictions on our operations could increase our operating costs, result in service delays and disruptions, and adversely affect our business, financial conditions, results of operation and prospects.

As a global aviation business, we are subject to significant laws, regulations and directives in the U.S. and foreign countries in which we operate. A global customer base and service offering requires importing and exporting goods, software and technology, which may be subject to more stringent import-export controls across international borders. For example, under certain circumstances, we must initially obtain licenses and authorizations from various U.S. government agencies before our aircraft can be exported outside the U.S. While we have not been impacted by delays in obtaining licenses and authorizations beyond the normal course of business, we may not always be successful in obtaining these licenses or authorizations in a timely manner. U.S. and foreign laws and regulations applicable to us have been increasing in scope and complexity. For example, both U.S. and foreign governments and government agencies regulate the personal aviation industry, and they have previously and may in the future impose new regulations for additional aircraft safety or other requirements or restrictions. New or changing laws and regulations or related interpretation and policies could increase our costs of doing business, affect how we conduct our operations, adversely impact demand for our aircraft and/or limit our ability to sell our aircraft and services.

The personal aviation industry is subject to extensive U.S. and international regulatory requirements, including airworthiness directives. In the last several years, Congress and state and local governments have passed laws and regulatory initiatives, and the FAA and several of its respective international counterparts have issued regulations and a number of other directives, that affect the production and use of our aircraft. These requirements impose substantial costs on us and restrict the ways we may conduct our business. For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that may require significant expenditures or operational restrictions. These requirements can be issued with little or no notice, or can otherwise impact our ability to efficiently or fully utilize our aircraft, and in some instances have resulted in the temporary and prolonged grounding of aircraft altogether. FAA airworthiness directives or similar directives of this nature are common in the general aviation industry, according to Frost & Sullivan. We have been impacted in the past, and could be impacted in the future, by airworthiness directives issued by the FAA, including from the recent airworthiness directives issued by the FAA in March 2023 and February 2023. See "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — March 2023 Airworthiness Directive" and "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — February 2023 Airworthiness Directive."

We have implemented and maintain policies and procedures that are designed to monitor and ensure compliance by us and our Directors, officers and employees with International Sanctions and other applicable laws, regulations and directives. Compliance with laws and regulations of increasing scope and complexity is even more challenging in our business environment in which reducing our operating costs is often necessary to remain competitive. In addition, regulators and enforcement agencies continue to devote greater resources to the enforcement of the FCPA, anti-money laundering laws and anti-corruption laws, and foreign jurisdictions have significantly expanded the reach of their anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance with anti-bribery, anti-money laundering, anti-corruption and other laws, such policies and procedures may not be effective in all instances to prevent violations.

Any determination that any of our employees have violated these laws, regulations or directives in the U.S. or other jurisdictions in which we do business, could subject us to, among other things, civil and criminal penalties, material monetary fines, profit disgorgement, injunction on future conduct, securities litigation, reputational damage, or other adverse actions, which could adversely affect our business, financial condition, results of operations or prospects.

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

We have a global customer base and service offering, which exposes us to risks in addition to our business operations in the U.S. These risks include import, export, economic sanctions and other trade restrictions; the changing U.S. and foreign procurement policies and practices; changes in international trade policies, including higher tariffs on imported goods and materials and renegotiation of free trade agreements; potential retaliatory tariffs imposed by foreign countries against U.S. goods; impacts on our non-U.S. suppliers and customers due to acts of war occurring internationally; restrictions on technology transfer; difficulties in protecting intellectual property; increasing complexity of employment and environmental, health and safety regulations; challenges associated with monitoring foreign suppliers and vendors to ensure compliance with applicable U.S. Federal Aviation Regulations; foreign investment laws; exchange controls; repatriation of earnings or cash settlement challenges; compliance with increasingly rigorous data privacy and protection laws; competition from foreign and multinational firms with home country advantages; economic and government instability; acts of industrial espionage, acts of war and terrorism and related safety concerns. The impact of any one or more of these or other factors could adversely affect our business, financial condition, results of operations and prospects.

We are also exposed to risks associated with using foreign representatives and consultants, including our CSAs, for our international sales efforts. In many jurisdictions, particularly in developing economies, it is common to engage in business practices that are prohibited by laws

and regulations applicable to us, such as the U.S. federal Foreign Corrupt Practices Act ("**FCPA**"). A violation of such laws by any of our international representatives, CSAs, consultants, joint ventures, business partners, subcontractors or suppliers, even if prohibited by our policies, could have an adverse effect on our business and reputation. As we continue to grow our customer base globally, our exposure to these risks may also increase.

Any prolonged or severe downturn in the global economy could materially and adversely affect our business, financial condition and results of operations.

With the slowdown of the growth of the regional and global economy in recent years, it remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over the Russia-Ukraine war, as well as unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate. It remains unclear whether such challenges and uncertainties will be effectively managed or resolved and what impacts they may have on the global economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

Global economic growth and increasing number of HNWIs are amongst the most important drivers for personal aviation market, according to Frost & Sullivan. The personal aviation market is generally affected by general macroeconomic conditions, and many factors affect the level of consumer spending on premium and lifestyle products, including the state of the economy as a whole, stock market performance, interest and exchange rates, inflation, political uncertainty, the availability of consumer credit, tax rates, unemployment levels and other matters that influence consumer confidence. Deteriorating general economic conditions may reduce disposable income and consumer wealth as well as the growth of wealth among HNWIs, adversely impacting customer demand, particularly for premium and lifestyle goods, which may negatively impact our profitability and put downward pressure on our prices and aircraft orders as well as demand of aircraft services. Furthermore, during recessionary periods, higher taxes may be more likely to be imposed on certain premium goods including our aircraft, which may affect our aircraft sales and provision of aircraft services. Adverse economic conditions may also affect the financial health and performance of our sales agents in a manner that will affect sales of our aircraft. In addition, there have been sustained inflationary pressures in many of the markets in which we operate. Inflation has led and may further lead to increases in the costs that we incur for raw materials,

utilities or services, which could make our aircraft and services less affordable to customers and adversely affect our business, financial condition and results of operations if we are not able to pass on the increased costs to our customers or successfully implement other mitigating actions. Therefore, any severe or prolonged downturn or instability in the global economy may materially and adversely affect our business, financial condition and results of operations.

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.

In recent years, governments, customers, suppliers, employees and our other stakeholders have increasingly focused on climate change, carbon emissions, and energy use. We are subject to certain environmental regulations and requirements and we also need to maintain applicable environmental permits and controls related to our operations, including permits and controls issued by federal, state and local agencies. We cannot guarantee that we will be able to maintain such permits and controls, nor can we guarantee that our cost of compliance with certain environmental regulations and requirements will not increase in the future. Laws and regulations that curb the use of conventional energy or require the use of renewable fuels or renewable sources of energy, such as wind or solar power, could result in a reduction in demand for aircraft that require hydrocarbon-based fuels such as oil and natural gas. In addition, governments could pass laws, regulations or taxes that increase the cost of such fuels, thereby decreasing demand for our aircraft and also increasing operating costs for customers. Apart from the engine fitted in the Vision Jet, which uses Jet-A fuel, all of the engines fitted in our aircraft currently use leaded fuel. The engines fitted in our SR2X Series aircraft operate on leaded aviation gas ("**avgas**") currently using 100 low-lead ("**100LL**") avgas for the piston engines.

The piston aviation industry has been, and is currently, researching a safe replacement fuel to replace leaded fuel. In 2022, the FAA created a new team named Eliminate Aviation Gasoline Lead Emissions ("**EAGLE**") of which we are a signatory. This is a government-industry partnership that also encompasses fuel producers and distributors, airport operators, communities that support general aviation airports, and environmental experts, seeking to develop an unleaded fuel replacement that can be used within the current general aviation infrastructure and engines. The most significant announcement impacting us is the stated aim of EAGLE to eliminate lead emissions from general aviation by the end of 2030. There are also projects underway for the European Union, which are considering the phase out of leaded fuel for the aviation industry earlier than the FAA timetable, and certain airports in the European Union have taken voluntary initiative to only provide unleaded fuel. While we expect that at some point in the future a replacement fuel will be identified, trialed and supplied to the industry, there is no currently available alternative that is proven to be usable in large scale and in a reasonably economical manner within the current general aviation infrastructure. We have partnered with GAMA in

support of the EAGLE coalition and are actively involved in testing possible replacement fuels. See "Business — Environmental, Social and Corporate Governance Policy — Significant impacts on the environment and natural resources" for details on our initiatives in identifying possible replacement fuels. If no suitable product is identified and the use of leaded fuel is prohibited in the aviation industry, we would be required to re-engineer our aircraft with engines that use unleaded fuel, which would impose significant costs on us and our customers and potentially disrupt the ability to operate our aircraft. As a result, our future operating income and cash flows from operating activities could be adversely impacted.

Other laws or pressure from our stakeholders may adversely affect our business, financial condition, results of operation and prospects by requiring, or otherwise causing, us to reduce the emissions of our aircraft. Such activity may also impact us indirectly by increasing our operating costs. We expect that compliance with such laws and regulations or accommodation of such stakeholder pressure will require additional internal resources and may necessitate larger investment in product development, research personnel and manufacturing equipment and/or facilities, as well as sourcing from new suppliers and/or higher costs from existing suppliers, all of which would increase our direct and indirect costs and negatively impact our business, financial condition, results of operations and prospects.

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.

We rely on our suppliers to provide us with a wide range of raw materials, components and sub-assemblies and service parts. For the years ended December 31, 2021, 2022 and 2023, we used raw materials with an aggregate amount of US$294.5 million, US$336.4 million and US$394.0 million, respectively, accounting for 39.9%, 37.6% and 36.9% of our revenue for the same years, respectively.

We face various risks associated with our suppliers. Due to the limited volumes, high switching costs, and challenges in developing multiple supplier relationships, we depend on relationship development, market analysis, and long-term agreements to maintain a healthy supply base. While the components that we purchase for our aircraft are generally commercially available, lead times for our various parts and components fluctuate significantly and are dependent on multiple factors, including contract terms, demand and the particular supplier involved. If our suppliers fail to perform their obligations or our contractual arrangements with them are terminated due to their breach and we are not able to replace them on a timely, effective and commercially acceptable basis, we may incur delays potentially affecting the agreed timetables or product specifications. In addition, we require our suppliers to be punctual in their deliveries and

to give particular care to the quality of their supplies. As a result, any default by suppliers of their contractual obligations, or any failure by suppliers to meet specified deadlines, specifications and quality standards could negatively affect our ability to fulfill customer orders on a timely basis.

During the Track Record Period, we experienced certain supply chain volatilities due to the COVID-19 pandemic and destabilization of our supply of materials such as raw material components required to manufacture composite materials in terms of availability and the lead time to obtain supplies. We recorded a 23.1% increase of cost of material for Aircraft from US$288.0 million in 2021 to US$354.5 million in 2022 and a further 16.4% increase to US$412.8 million in 2023, which primarily reflected increases in line with the increase in total revenue resulting in greater volumes of material costs, together with the increased manufacturing costs due to an increase in supply chain and labor pool volatility, and continued impact of inflation on raw materials. See "Financial Information — Review of Historical Results of Operations" for more details. However, as such factors are beyond our control, if similar events were to occur in the future, we could experience significant delays in the production or delivery of our aircraft.

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

We rely on a limited number of suppliers and, in some cases, on single-source suppliers for several key components of our products, including our aircraft engines to power our aircraft, in part, due to the customized nature of many of our parts and the requirement for certification. If any of our suppliers fail to adequately fulfill their obligations or experience disruptions in production or provision of services due to, for example, bankruptcy, natural disasters, labor strikes or disruption of its supply chain, or decide to unilaterally terminate their contractual arrangements with us, we may experience a significant delay in the delivery of or fail to receive previously ordered aircraft engines and parts, which would adversely affect our revenue and profitability and could jeopardize our ability to meet the demands of our customers.

If we are unable to obtain required components from our existing suppliers, we may need to obtain these components through secondary sources or markets, which could result in higher costs, delays, and/or components that do not meet our quality requirements or technical specifications. While we actively monitor and manage our supply chain, we cannot anticipate the potential impact that a variety of factors may have on the manufacturing and shipment of our products. This reliance on a limited number of suppliers and the lack of any guaranteed sources of supply exposes us to several risks, including:

- The inability to obtain an adequate supply of key components, including aircraft engines;

- Delay to aircraft deliveries due to designing and certifying new supplier components;
- Price volatility and manufacturing costs for the components of our aircraft;
- Failure of a supplier of key components to meet our quality or production requirements;
- Failure of a supplier of key components to remain in business or adjust to market conditions; and
- Consolidation among suppliers, resulting in some suppliers exiting the industry, discontinuing the manufacture of components or increasing the cost of components.

As a result of these risks, we cannot guarantee that we will be able to obtain a sufficient supply of key components in the future or that the cost of these components will not increase. If our supply of components is disrupted or delayed, or if we need to replace our existing suppliers, there can be no assurance that additional components will be available when required or that components will be available on terms that are favorable to us, which could extend our lead times, increase the costs of our components and harm our business, financial condition, results of operations and prospects. We may not be able to continue to procure components at reasonable prices, which may impact our business negatively or require us to enter into longer-term contracts to obtain components. Any of the foregoing disruptions could exacerbate other risk factors and increase our costs and decrease our gross margins, harming our business, financial condition, results of operations and prospects.

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.

We have been, and will continue to be, heavily dependent on the continued services of our senior management team, who have extensive experience and specialized expertise in our business. Certain members of our senior management team have long-standing experience in aviation including avionics, engineering and automotive industries and within large public companies in the U.S., and we believe that their depth of experience is instrumental to our continued success. If we lose the services of any member of our senior management team, we may not be able to find suitable replacements in a timely manner, at acceptable cost or at all, and our business, execution of strategic priorities, financial condition, results of operations and prospects could be materially and adversely affected. While members of our senior management team are subject to non-compete and confidentiality obligations, these may not be effective if any member of our senior management team joins a competitor or forms a competing business and there is a risk we may lose know-how, trade secrets, customers and key employees.

Our success is highly dependent upon our ability to hire and retain a workforce with the skills necessary for our businesses to develop, manufacture and maintain the products desired by our customers. The products and services desired by our customers require highly skilled personnel in multiple direct and indirect areas. These areas include, among others, engineering, manufacturing, maintenance, sales, information technology, cybersecurity, flight operations, business development and strategy and management. In addition, from time to time we face challenges that may impact employee retention. To the extent that we lose experienced personnel through retirement or otherwise, especially those who possess specific skills and/or critical know-how/trade secrets, it is critical for us to develop other employees, hire new qualified employees and successfully manage the transfer of critical knowledge. Although (i) our employees are subject to confidentiality obligations and (ii) we require all of our full-time employees to enter into non-compete agreements, if any employee joins a competitor or forms a competing business, we may need to litigate to enforce our rights under these agreements, which could be time-consuming, expensive, and ineffective, given the patchwork of different state laws regarding enforceability of non-compete obligations. Enforceability of the non-compete agreements that we have in place is not guaranteed, and contractual restrictions could be breached without discovery or adequate remedies. As a result, there is a risk we may lose know-how, trade secrets, customers and other key employees. In addition, regulation or legislation impacting the workforce, such as the proposed rule published by the U.S. Federal Trade Commission which would, if issued, generally prevent employers from entering into non-compete with employees and require employers to rescind existing non-competes, may lead to increased uncertainty in hiring and competition for talent. In particular, effective July 1, 2023, Minnesota has joined others states in prohibiting enforceability of non-compete provisions for employee or independent contractor agreements entered into after that date. Competition for skilled employees is intense, and we may incur higher labor, recruiting and/or training costs in order to attract and retain employees with the requisite skills. We do not currently have in place an established share award or option scheme that is subject to Chapter 17 of the Listing Rules. Job candidates and existing employees consider the value of the compensation, including benefits and equity awards, they receive in connection with their employment. Therefore, in the meantime, if the perceived value of our compensation is unattractive, it may adversely affect our ability to hire or retain highly skilled employees. We may not be successful in hiring or retaining such employees, which could adversely impact our business, financial condition, results of operations and prospects.

This challenge to retain skilled employees is increased by the intense competition for such employees in the aviation industry. The aviation industry, including related vendor partners, is experiencing and may continue to experience a shortage of qualified personnel, and we face added challenges with attracting and retaining qualified personnel due to, in particular, the low unemployment rate in Duluth, Minnesota and Grand Forks, North Dakota. We and others in the aviation and airline industries face shortages of qualified aircraft mechanics and other personnel. In addition, we have lost and may continue to lose employees due to the impact of the COVID-19

pandemic on aviation or as a result of restrictions which were imposed under the Coronavirus Aid, Relief, and Economic Security Act, or other governmental requirements placed on employees, which may further impede our ability to attract, retain and train skilled labor. If we are unable to hire, train and retain qualified employees, our business, financial condition, results of operations and prospects may be harmed.

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

To continue to grow our business and remain competitive, we continuously seek to identify, develop and launch new products, services and technologies or improve our existing products, services and technologies for our current and future markets, such as those relating to business processes, manufacturing, information technology, automation, connectivity, and initiatives to ensure high quality customer service. Our future performance depends, in part, on our ability to identify emerging technological trends and customer requirements and to develop and maintain competitive products and services.

Delays or cost overruns in the development and acceptance of new products or certification and launching of new aircraft and other products occur from time to time and could adversely affect our business, financial condition, results of operations and prospects. These delays or cost overruns could be caused by unanticipated technological hurdles, production changes to meet customer and manufacturing demands, unanticipated difficulties in obtaining required regulatory certifications of new aircraft or other products, or failure on the part of our suppliers to deliver components as agreed. We also could be adversely affected if our product development efforts are less successful than expected or if these efforts require significantly more funding to achieve our goals than anticipated. In addition, new products, services and technologies could generate unanticipated safety or other concerns resulting in expanded product liability risks, potential product recalls and other regulatory issues that could have an adverse impact on us. Furthermore, because of the lengthy product development cycle involved in bringing certain of our products to market, we cannot predict the economic conditions that will exist when any new product is complete, and the market for our product offerings does not always develop or continue to expand as we anticipate.

A reduction in capital spending in the personal aviation industry could have a significant effect on the demand for new products and technologies under development, which could have an adverse effect on our financial condition, results of operations and cash flows. No assurance can be given that our competitors will not develop competing technologies which gain superior market acceptance compared to our products. A significant failure in our new product development efforts, a substantial change to schedule, a material change in an anticipated market or the failure of our

products or services to achieve customer acceptance relative to our competitors' products or services, could have an adverse effect on our business, financial condition, results of operations and prospects.

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

Certain of our aircraft have experienced accidents while being operated by owners. For the years ended December 31, 2021, 2022 and 2023, we recorded a non-fatal accident rate per 100,000 flight hours across our fleet of 1.43, 2.24 and 1.60, respectively, and a fatal accident rate per 100,000 flight hours across our fleet of 0.68, 0.64 and 0.87, respectively. By comparison, for the year ended December 31, 2022, non-fatal and fatal accident rates per 100,000 flight hours for personal general aviation, as compiled by the NTSB, were 4.39 for non-fatal accidents and 0.95 for fatal accidents. As a result, from time to time in the ordinary course of our business, we may be subject to claims or disputes by such owners. Such claims or disputes can either be based on a product liability claim or a breach of warranty. For more details, see "Regulatory Overview — Product Liability and Consumer Protection."

Our product liability insurance policies are subject to a cap on deductible, making us liable to pay for any claims exceeding such cap. We incur the first US$4.7 million of any losses, settlement, and fees incurred for covered claims related to incidents occurring in a policy year. These processes and claims are handled by our captive insurance company, SAIC. Once we have incurred the aggregate US$4.7 million of expenses, our insurance covers any remaining expenses up to an aggregate cap of US$150 million per policy year for claims arising from products and premises and general liability losses and up to an aggregate total of US$3.0 million per policy year for claims arising from hull losses. Furthermore, we may be liable to pay for any punitive damages in their entirety, if incurred, in any jurisdictions that do not permit insuring against punitive damage awards. There can be no assurance that the amount of our insurance coverage available would be adequate to cover losses, or that we would not be forced to bear substantial losses from such events, regardless of our insurance coverage. For more details, see "Business — Insurance."

If our owners experience accidents with our aircraft obligating us to take such aircraft out of service until the cause of the accident is determined and rectified, our reputation may be affected and we may lose customers. Any aircraft accident or incident, even if fully insured, could create a public perception that our aircraft are less safe or reliable than other means of transportation, which could cause our customers to lose confidence in us and switch to other aircraft or other means of transportation. In addition, any aircraft accident or incident could also affect the public's view of industry safety, which may reduce the amount of trust our customers have in personal aircraft. This may have negative financial impacts on us. It is also possible that the FAA or other foreign regulatory bodies could ground the aircraft and restrict the aircraft from flying by issuing

airworthiness or similar directives until the cause of the accident is determined and rectified. Airworthiness or similar directives of this nature are common in the general aviation industry, according to the Frost & Sullivan. There is no assurance that our customers would not perceive such directives adversely. If this were to occur, our reputation could be adversely affected and we may lose revenue and customers. In addition, safety issues experienced by a particular model of aircraft could result in customers refusing to use that particular aircraft model or a regulatory body grounding that particular aircraft model.

In the future, we may, voluntarily or involuntarily, undertake remedial actions in connection with service bulletins, if any of our aircraft, including any systems or components sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations. Such remedial actions, whether voluntary or involuntary and whether caused by systems or components engineered or manufactured by us or our suppliers, could incur significant expenses and adversely affect our brand image in our target markets. The value of the aircraft model might also be permanently reduced in the secondary market if the model were to be considered less desirable. Such accidents or safety issues related to aircraft models that we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

The operation of aircraft is subject to various risks, and failure to maintain an acceptable safety record may have an adverse impact on our ability to obtain and retain customers.

The operation of aircraft is subject to various risks, including but not limited to catastrophic disasters, crashes, mechanical failures and collisions, which may result in loss of life, personal injury and/or damage to property and equipment. Our customers have experienced and may experience accidents in the future while operating our aircraft. These risks could endanger the safety of our customers, third parties, equipment, cargo and other property, as well as the environment. If any of these events were to occur, we could experience loss of revenue, termination of customer orders, higher insurance rates, litigation, regulatory investigations and enforcement actions (including potential grounding of our aircraft) and damage to our reputation and customer relationships. In addition, to the extent an accident occurs involving our aircraft, we could be held liable for resulting damages or consequential loss, which may involve claims from injured passengers and survivors of deceased passengers.

We incur costs to maintain the quality of our aircraft and our training programs. We cannot guarantee that these costs will not increase. Likewise, we cannot guarantee that our efforts will provide an adequate level of safety or an acceptable safety record. If we are unable to maintain an acceptable safety record, we may not be able to retain existing customers or attract new customers, which could have a material adverse effect on our business, financial condition, results of

operations and prospects. Failure to comply with regulatory requirements related to our aircraft and associated operations may result in enforcement actions, including revocation or suspension of our operating authorities in the U.S. and potentially other countries.

Our insurance may become too difficult or expensive to obtain. If we are unable to maintain sufficient insurance coverage or experience delays or failures by our insurance providers to process or pay our insurance claims, in time or at all, it may materially and adversely impact our business, financial condition and results of operations.

Hazards are inherent in the personal aviation industry and may result in loss of life and property, potentially exposing us to substantial liability claims arising from, or in connection with, the operation of aircraft. We carry insurance for aviation products liability, completed operations and grounding liability exposures, premises and general liability, hangar keepers liability (ground and in-flight), aircraft liability, contingent aircraft liability, automotive liability, non-owned aircraft liability exposures and hull losses and other insurance customary in the industry in which we operate. Insurance underwriters are required by various federal and state regulations to maintain minimum levels of reserves for known and expected claims. However, there can be no assurance that underwriters have established adequate reserves to fund existing and future claims. The number of accidents, as well as the number of insured losses within the aviation and aerospace industries, and the impact of general economic conditions on underwriters may result in increases in premiums above the rate of inflation. To the extent that our existing insurance providers are unable or unwilling to provide us with sufficient insurance coverage, and if insurance coverage is not available from another source, our insurance costs and/or exposure may increase and may result in our being in breach of regulatory requirements or contractual arrangements requiring that specific insurance be maintained, which may have a material adverse effect on our business, financial condition and results of operations. In addition, we have experienced delays, and in the future may experience delays or failures, by our insurance providers to process or pay our insurance claims, in time or at all, which may have a material adverse effect on our business, financial condition and results of operations.

We may not succeed in preserving and enhancing the value of our brand which we depend on to drive demand and revenues, and in remaining competitive against other premium lifestyle alternatives.

Since our inception, we have focused on building a global brand by offering a wide-ranging personal aviation experience and a global ownership ecosystem to make owning and operating an aircraft convenient to access and enjoyable. Our financial performance is influenced by the perception and recognition of our brand, which in turn depends on many factors such as the design, performance, quality and image of our aircraft; the success of our promotional activities, including public relations and marketing; and our general profile, including our brand's image of

safety and quality. Maintaining the value of our brand will depend significantly on our ability to continue to produce high performance aircraft of the highest quality and delivering a premium experience supported by our ecosystem. To promote our brand, we may be required to adjust our selling and marketing practices, which could substantially increase our expenses. Furthermore, we cannot assure you that these activities will be successful or that we will be able to achieve the desired promotional effect. If we fail to develop and maintain a strong brand, our business, financial condition, results of operations and prospects could be materially and adversely impacted.

The market for premium and lifestyle goods generally is intensely competitive, and we may not be successful in maintaining and strengthening the appeal of our aircraft over other premium lifestyle alternatives. Customer preferences, particularly among premium goods, can vary and change over time, sometimes rapidly. We are therefore exposed to changing perceptions of our brand image and the image of personal aircraft more generally, as we seek to attract new generations of customers. Any failure to preserve and enhance the value of our brand may materially and adversely affect our ability to sell our aircraft, to maintain our pricing and to extend the value of our brand into other activities profitably.

As a player in the personal aviation industry, we are subject to significant competition.

Many of the markets in which we operate are competitive as a result of the expansion of existing private aircraft operators and expanding private aircraft ownership and alternatives, such as premium commercial airline services. We compete against a number of professional aviation operators with different business models, local and regional private charter operators and aircraft companies. In addition, 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. There can be no assurance that our competitors will not be successful in capturing a share of our present or potential customer base. The materialization of any of these risks could adversely affect our business, financial condition, results of operations and prospects.

The modification, renewal and revocation of permits, approvals, authorizations and licenses may impose limitations that increase the costs or limit the availability of our products.

Our business requires a variety federal, state, local and other government permits, approvals, authorizations and licenses and the maintenance of such permits, approvals, authorizations and licenses. Our business is subject to regulations and requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. For example, FAA regulatory requirements associated with design approval and production approval for the production of an aircraft mean that our aircraft

production business could be restricted by modification or revocation of these approvals upon which we depend which could have a material adverse impact on our business, financial condition, results of operations and prospects. See "Business — Licenses, Certificates and Permits."

Orders and reservations for our aircraft may be canceled by customers who have already provided deposit payments.

Our backlog represents orders and reservations that we have not fulfilled and, accordingly, for which we have not yet recognized revenue. We may not receive revenue from these orders or reservations, even in cases where the deposit is nonrefundable, and any backlog we report may not be indicative of our future revenue.

Many events can cause a delivery to be delayed or not completed at all, some of which may be out of our control, including supply chain disruptions resulting from the COVID-19 pandemic and our suppliers not being able to provide us with products or components or from production capacity constraints. If we delay fulfilling customer orders or reservations or if customers reconsider their orders or reservations, those customers may seek to cancel or modify their orders or reservations with us. Customers may otherwise seek to cancel or delay their orders or reservations even if we are prepared to fulfill them. If our backlog does not result in sales, our results of operation may suffer. Our customer deposits are recognized as current liabilities. We had customer deposits of US$145.2 million, US$165.1 million, US$149.5 million and US$172.2 million as of December 31, 2021, 2022 and 2023 and January 31, 2024, respectively.

We are subject to potential warranty and product liability claims, which could cause material harm to our brand image and reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

We provide warranties that the aircraft airframe will be free of material and workmanship defects under normal use and services for a period of 24 months or 1,000 flight hours, whichever comes first for the Vision Jet, and for a period of 36 months or 2,000 flight hours, whichever comes first, for the SR2X Series. We also provide extended warranty options. Accordingly, flaws or defects in our design and production process could give rise to material exposures under our product and performance warranties. We made provision for product warranties of US$19.8 million, US$12.4 million and US$16.9 million, in 2021, 2022 and 2023, respectively, for current year sales and prior period Service Bulletins, representing 2.7%, 1.4% and 1.6% of our revenue for the same years, respectively.

Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the historical warranty period for all products sold. Any such estimates of future warranty liabilities are inherently uncertain, and any

changes to our estimates, especially with respect to new aircraft or features, may require us to make material changes to our warranty reserve policies in the future. If our warranty reserves and related insurance coverages prove to be inadequate to cover our future warranty claims, or if our suppliers and subcontractors fail to honor the underlying warranties that we pass through to our own customers or our insurance providers fail to process or pay our insurance claims in time or at all, our business, financial condition, results of operations and prospects could be materially and adversely affected. 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" for further details.

In addition, flaws and defects in our design and production processes, or in those of our suppliers and subcontractors, as well as unsatisfactory performance of our products, could give rise to product liability and product recall exposures. In the event of litigation involving claims of this nature, we could become obligated to pay material damage awards and/or legal expenses in amounts far greater than our insurance coverage. Such events would also generate negative publicity, which could in turn cause material harm to our brand image and reputation. The occurrence of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our ability to maintain sufficient liquidity going forward is subject to the general liquidity of and ongoing changes in the credit markets in addition to other factors.

Our liquidity is a function of our cash on-hand, our ability to successfully generate cash flows from a combination of efficient operations and continuing operating improvements, access to capital markets and funding from third parties. We believe our liquidity should be sufficient to meet our operating requirements as they occur; however, our ability to maintain sufficient liquidity going forward is subject to the general liquidity of and ongoing changes in the credit markets as well as general economic, financial, competitive, legislative, regulatory, and other market factors that are beyond our control. The recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures in the U.S. could affect our liquidity. The recent closures of U.S. banks and their placement into receivership with the Federal Deposit Insurance Corporation created bank-specific and broader financial institution liquidity risk and concerns in the U.S. market. If we are not able to maintain adequate liquidity, we may not be able to meet our operating cash flow requirement, debt service cost, future required contributions to our employee benefit plan, and other financial obligations.

A failure in our technology or breaches of the security of our information technology infrastructure may adversely affect our business, financial condition, results of operations and prospects.

The performance and reliability of the technology that we use is critical to our ability to compete effectively. A significant internal technological error or failure or large-scale external interruption in the technological infrastructures on which we depend, such as power, telecommunications or the Internet, may disrupt our internal network. Any substantial, sustained or repeated failure of the technology that we use could impact our ability to conduct our business, lower the utilization of our aircraft, and result in increased costs. Our technological systems and related data may be vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues.

We are subject to complex and frequently changing privacy and data protection laws, rules and regulations in the United States as well as in other regions where we operate, regarding the collection, use, storage, transfer and other processing of personal information.

Cybersecurity risks and the failure to maintain the confidentiality, integrity and availability of our computer hardware, software and internet applications and related tools and functions could result in damage to our reputation, data integrity and/or subject to costs, fines or lawsuits under data privacy laws or other contractual requirements. The integrity and protection of the data we hold is relevant to our business. The regulatory environment governing information, security and privacy laws is increasingly demanding and continues to evolve. We could be subject to risks caused by misappropriation, misuse, leakage, falsification, system malfunction or intentional or accidental release or loss of information maintained in our information systems and networks and those of our third-party service providers.

If we are unable to maintain reliable information technology systems and appropriate controls with respect to global data privacy and security requirements and prevent data breaches, we may suffer regulatory consequences in addition to business consequences. We are subject to complex and frequently changing privacy and data protection laws, rules and regulations in the United States as well as in other regions where we operate, regarding the collection, use, storage, transfer and other processing of personal information. These privacy, security and data protection laws and regulations could impose significant limitations, require changes to our policies, practices and processes and in some cases impose restrictions on our use or storage of personal information. For example, on January 1, 2023, California enacted the California Privacy Rights Act, which significantly modifies the California Consumer Privacy Act, including by expanding consumers' rights with respect to certain non-public personal information and creating a new state agency to oversee implementation and enforcement efforts. We are also subject to the European General Data

Protection Regulation, which is considered one of the strictest and most comprehensive privacy laws in the world, is being continuously enforced, and levies increasingly heavy fines on businesses for non-compliance. As regulations continue to evolve, we may be potentially subject in the future to additional data protection obligations to those that we are already subject to and for which we are fully compliant, which may result in additional costs, including for the purpose of monitoring rapidly evolving privacy laws, rules and regulations.

Government enforcement actions can be costly and may interrupt the regular operation of our business, and data breaches or violations of data privacy laws can result in significant fines, reputational damage and civil lawsuits, any of which may adversely affect our business, financial condition, results of operations and prospects.

If we are unable to adequately protect our intellectual property interests or are found to be infringing on intellectual property interests of others, we may incur significant expense and our business may be adversely affected.

Our intellectual property includes our trademarks, goodwill, domain names, website, mobile and web applications, software (including our proprietary algorithms and data analytics engines), copyrights, trade secrets and inventions (whether or not patentable). We believe that our intellectual property plays an important role in protecting our brand and the competitiveness of our business. If we do not adequately protect our intellectual property, our brand and reputation may be adversely affected and our ability to compete effectively may be impaired.

We protect our intellectual property through a combination of patent, trademark, copyright, and trade secret laws, contracts and policies. We have registered our patents, trademarks and domain names that we use in the United States and certain other jurisdictions in which we do significant business, but we may not have such registrations for all territories in which we have fewer operations. In the United States, we have brought a claim against a small charter company infringing on use of the Cirrus name. Although the initial claim was ruled against our favor, we do not expect a material adverse financial impact on us if we are not successful in our appeal. However, we may be unable to prevent competitors from acquiring trademarks or domain names that are similar to or diminish the value of our intellectual property or in any way are misleading or deceptive to our existing or potential customers, and will have to seek legal action to oppose or invalidate such registrations. In addition, it may be possible for other parties to copy or reverse engineer our applications or other technology offerings. Moreover, our proprietary algorithms, data analytics engines, or other software or trade secrets may be compromised by third parties or our employees or agents, which could negatively impact any competitive advantage that we may have from them.

Our business is subject to the risk of third parties infringing our intellectual property. Violations of intellectual property laws (including trade secret laws) can lead to legal actions against infringing parties. If our intellectual property (including trade secrets) is infringed, misappropriated or disclosed without authorization, we may seek legal remedies to protect our interests. Litigation, settlements, or damages awarded can impact both our financial resources and reputation. Considering the varying enforceability of intellectual property laws (including trade secret laws) across jurisdictions, we actively keep abreast of the legal frameworks and regulations of different countries to protect intellectual property (including trade secrets) during global operations. We may not always be successful in securing protection for, or identifying or stopping infringements of, our intellectual property, and we may need to resort to litigation, arbitration or other dispute resolution mechanisms in the future to enforce our intellectual property rights. Any such litigation could result in significant costs and a diversion of our management's time and resources. Further, such enforcement efforts may result in a ruling that our intellectual property rights are unenforceable.

Companies in the aviation and technology industries are frequently subject to litigation based on allegations of intellectual property infringement, misappropriation or other violations. We may acquire or introduce new technology offerings, which may increase our exposure to patent and other intellectual property claims. Any intellectual property claims asserted against us, whether or not having any merit, could be time-consuming and expensive to settle or litigate. If we are unsuccessful in defending such a claim, we may be required to pay substantial damages, we could be subject to an injunction or we could agree to a settlement that may prevent us from using our intellectual property or making our offerings available to customers.

Some intellectual property claims may require us to seek a license to continue our operations, and those licenses may not be available on commercially reasonable terms or may significantly increase our operating expenses. If we are unable to procure a license, we may be required to develop or acquire non-infringing technological alternatives, which could require significant time and expense. Further, if international regulatory risks relating to intellectual property were to materialize, it could lead to legal consequences, reputational damage, business disruptions, and loss of intellectual property. Violations of international laws and regulations relating to intellectual property can result in legal actions, fines, penalties, and potential criminal liability. Regulatory risks can harm our reputation, erode customer trust, and negatively affect public perception. Compliance issues relating to intellectual property may disrupt operations, supply chains, and business relationships, resulting in financial losses. Failure to protect trade secrets and intellectual property can lead to misappropriation, loss of competitive advantage, and decreased market share. Any of these events could adversely affect our business, financial condition, results of operations and prospects.

Our financial results may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs.

Due to fewer deliveries at the start of the year as we roll out and replenish updated demo and training aircraft, which reduces the number of aircraft available for delivery to customers, our results are typically strongest towards the end of the year. In addition, due to the location of our primary production facilities, we experience seasonal weather conditions which impacts our ability to certify the airworthiness of aircraft on a predictable basis. Seasonal impacts are typically reflected during the start of our fiscal year leading to lower revenues during such period. We generally keep a higher level of finished goods or aircraft in inventories during the year as compared to the start of the year or the winter months. See "Business — Seasonality" and "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Inventories" for more details.

We may be unable to identify or execute acquisition opportunities as planned.

We may face challenges successfully completing acquisitions, including any acquisitions related to the consolidation of our supply chain or execution of our strategic objectives. We plan to organically, and inorganically through acquisitions, increase our production capacity and efficiency in order to support the growth of our business. However, there is no assurance that we will be able to identify suitable assets to expand our business. Even if we are able to identify suitable targets, such expansion can be difficult, time consuming and costly to execute. We may also have to engage in intense competition for attractive targets, which may make it difficult to consummate any acquisitions on commercially acceptable terms or at all. Even if we are able to consummate any acquisitions, our ability to grow our business through any recently completed or future acquisitions remains subject to further risks and uncertainties which could, in whole or in part, materially and adversely affect our growth plan in relation to acquisitions. For example, we may fail to successfully integrate the acquired businesses with our existing business and operations, or realize the expected synergies, growth opportunities and other benefits from such acquisitions.

In addition, for so long as CAIGA retains a material ownership interest in us, we will be deemed a "foreign person" under the regulations relating to the CFIUS. As such, acquisitions of or investments in U.S. businesses or foreign businesses with U.S. subsidiaries that we may wish to pursue may be subject to CFIUS review, the scope of which was recently expanded by the Foreign Investment Risk Review Modernization Act of 2018 ("**FIRRMA**") to include for example, certain non-passive, non-controlling investments (including certain investments in entities that hold or process personal information about U.S. nationals), certain acquisitions of real estate even with no underlying U.S. business, and any transaction resulting in a "change in the rights" of a foreign person in a U.S. business if that change could result in either control of the business or a covered non-controlling investment. If a particular proposed acquisition or investment falls within CFIUS'

jurisdiction, we may determine that we are required to make a mandatory filing or that we will submit to CFIUS review on a voluntary basis, or to proceed with the transaction without submitting to CFIUS and risk CFIUS intervention, before or after closing the transaction. In addition, among other things, FIRRMA authorizes CFIUS to prescribe regulations defining "foreign person" differently in different contexts, which could result in less favorable treatment for investments and acquisitions by companies from countries of "special concern."

If such future regulations impose additional burdens on acquisition and investment activities involving China and Chinese investor-controlled entities, our ability to consummate transactions falling within CFIUS's jurisdiction that might otherwise be beneficial to us and our shareholders would be hindered.

Our ability to obtain financing or access capital markets may be limited due to a number of factors, including covenants in our credit agreements.

There are a number of factors that may limit our ability to raise financing or access capital markets in the future, including current and future debt and future contractual obligations, our liquidity and credit status, our operating cash flows, the market conditions in the personal aviation industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of aircraft and other aviation industry financing. We cannot assure you that we will be able to source external financing for our capital needs; and, if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected.

Our credit agreements contain covenants that may limit our ability to operate our business. Under the terms of our credit agreement with a U.S. commercial bank, we are required to comply with certain financial covenants based on financial, including specified ratios: (i) between our indebtedness to EBITDA (non-IFRS measure) (as defined under the credit agreement) and (ii) between (a) the sum of EBIDA (non-IFRS measure) (as defined under the credit agreement) less unfinanced capital expenditures and cash dividends and distributions to (b) the sum of interest expense paid or payable in cash and scheduled principal payments with respect to indebtedness.

Such credit agreement also contains, and our future debt financing agreements may contain, restrictions that may limit our ability to, among other things, incur additional debt over agreed thresholds, create liens, make certain investments, effect a fundamental change, make certain asset dispositions, and declare or make restricted payments in certain circumstances. These covenants could also restrict our ability to respond to changes in business and economic conditions, to engage in potentially beneficial transactions and to obtain required financing. During the Track Record Period and up to the Latest Practicable Date, we were in compliance with all covenants. To the extent we finance our activities with debt, we may become subject to further financial and

other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations. Furthermore, a failure by us to comply with these covenants could result in a default under our debt agreements, which could permit our creditors to accelerate our obligations to repay debt. Any of these outcomes could have a material adverse impact on our business, financial condition, results of operations and prospects.

Interest rate fluctuations may adversely affect our business.

Interest rate fluctuations may adversely affect our financial performance. Any changes in interest rates will impact our borrowing costs. We currently have exposure to floating rate debt. While the exposure to interest rate volatility may be hedged through the use of interest rate swaps and interest rate caps, the magnitude of the final exposure depends on the effectiveness of the hedge. We do not currently have any interest rate hedging in place. Moreover, the potential for low or negative interest rates in the United States and on U.S. Dollar-denominated financial instruments could adversely impact our revenues, including interest on our cash and bank balances. Any or all of these factors could materially and adversely affect our business, financial condition and results of operations and our ability to meet our financial obligations.

Exchange rate fluctuations may adversely affect our business.

Since we operate as a multinational corporation that sells to customers and sources products in many different countries, changes in exchange rates could in the future, adversely affect our cash flows and results of operations. We currently operate primarily in U.S. dollars, and therefore do not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the U.S. dollar. An increase in the value of the U.S. dollar against currencies in countries in which our customers reside could have a negative impact on the demand for our aircraft. We cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect our financial condition, results of operations and cash flows to the extent we begin to conduct business in other currencies and based on its impact on demand for goods in U.S. dollars.

We face risks associated with malicious competition or other detrimental impact from third parties which could damage our reputation and cause our customers to lose faith in our brand.

We may become subject to malicious third-party activities including anti-competition conduct, harassing, or other harmful behaviors, especially customers unsatisfied with our products and services or third-party competitors. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand reputation may be harmed by aggressive marketing and communications strategies of our competitors. Third parties may also maliciously copy or

adopt our key business strategies to gain an unfair competitive advantage in the market. We cannot guarantee that we will not be exposed to such unfair business competition or dominant market position abuse imposed by third parties in the future. In particular, we may face the risk of unfair competition or other maliciously competitive actions by third parties whose corporate names carry "Cirrus" in their name, in particular in addition to any references to aviation, or carry other words that are similar to our corporate and brand names. This includes companies that may already exist or ones that may exist in the future. Disputes, litigation, regulatory actions or other negative publicity in relation to those third parties bearing similar names could also be mistakenly perceived as relating to us. In addition, we may become the target of government or regulatory investigation as a result of or in connection with such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all.

Moreover, you may see negative information posted on the Internet or pages embedded in various social media mobile apps related to us or our Directors, employees, affiliates or third-party collaboration partners, even without merit. Consumers may value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation or authentication and without regard to its accuracy. Social media platforms may immediately publish the content posted by their subscribers and members, often without filters or due diligence checks on the accuracy of such content posted. Therefore, information on social media platforms generates impact almost immediately as it is disseminated. Information posted may be inaccurate and adverse to us, and it may harm our business, financial condition, results of operations and prospects.

The harm may be immediate without affording us an opportunity for redress or correction, which, a result of the public dissemination of anonymous allegations or malicious statements about us, may in turn cause us to lose market share, customers and revenue-generating capabilities and adversely affect our business, financial condition, results of operations and prospects.

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.

Our intangible assets and goodwill exposes us to losses arising in connection with impairment. As of December 31, 2023, our intangible assets and goodwill were US$245.2 million and US$115.9 million, respectively, accounting for 24.3% and 11.5% of our total assets as of the same date, respectively. Our intangible assets primarily include our Cirrus trademark, development costs and aircraft type certificates. For more details, see "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Intangible Assets."

Pursuant to IAS 36, (i) goodwill and indefinite-lived intangible assets, such as trademarks, are not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise and (ii) finite-lived intangible assets, such as aircraft type certificates, are recognized at fair value at the acquisition date and are subsequently carried at cost less accumulated amortization. In evaluating the recoverability of the value of these assets and the potential for the impairment thereof, we make assumptions regarding future operating performance, business trends and market and economic conditions. Such analyses in turn require us to make certain assumptions about operating cash flows, growth rates and discount rates. Uncertainties are inherent to any such assessments of the recoverability of the value of these assets.

We cannot assure you that we will not record write-downs in the future if our financial performance should diverge significantly from the assumptions underlying such impairment tests or if we otherwise experience unexpected business disruptions or declines in **[REDACTED]**. The occurrence of such write-downs could have a material adverse effect on our business, financial condition, results of operations and prospects.

We recorded net current liabilities as of December 31, 2021.

As of December 31, 2021, we had net current liabilities of US$31.5 million, respectively. Our net current liabilities position as of December 31, 2021 was primarily due to customer deposits and borrowings. For more details on our net current liabilities position as of December 31, 2021, please see "Financial Information — Liquidity and Capital Resources — Sources of Liquidity and Working Capital."

We require deposits from our customers to secure their orders, which is recorded as a current liability. During the Track Record Period, as our aircraft orders increased, our customer deposits also increased. For more details on customer deposits, see "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Customer Deposits."

We cannot assure you that we will not have a net current liabilities position in the future. For example, the Special Cash Bonus under the Management Incentive Plan will be paid after the **[REDACTED]**. For more details see "Directors and Senior Management — Management Incentive Plan." The aggregate amount of such Special Cash Bonus will be no less than 0.5% of the **[REDACTED]** of the Company (i.e., no less than approximately US$**[REDACTED]** (based on the low-end of our indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) or no less than approximately US$**[REDACTED]** (based on the high-end of our indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised)). There is no assurance that such payment would not result in us recording net current liabilities in the future. A net current liabilities position may expose us to liquidity risk which could restrict our

ability to make necessary capital expenditure or develop business opportunities, and our business, operating results and financial condition could be materially and adversely affected. In addition, if we are unable to obtain sufficient funds to finance our operations, or to satisfy our current liabilities in a timely manner, our business operations, liquidity and ability to raise funds may be materially and adversely affected.

Failure to fulfill our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position.

Our contract liabilities represent our obligations to provide the contracted products and services to customers, primarily under customer maintenance contracts and our extended warranty and JetStream program. As of December 31, 2021, 2022 and 2023, we had contract liabilities of US$80.7 million, US$85.5 million and US$102.3 million, respectively. For further details, see "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Contract liabilities and contract assets." There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to reimburse or compensate our customers for failure to fulfill our obligations. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

We are exposed to risks of obsolete inventory which may adversely impact our cash flow and liquidity.

We are exposed to risk of inventory obsolescence. Our inventory primarily consists of raw materials and work in process, as we produce aircraft based on customer orders. We had inventories of raw materials of US$46.7 million, US$75.7 million and US$89.8 million as of December 31, 2021, 2022 and 2023, respectively. We had inventories of work in process of US$44.3 million, US$39.7 million and US$41.0 million as of December 31, 2021, 2022 and 2023, respectively. Our average inventory turnover days were recorded at approximately 65.2 days, 67.1 days and 66.5 days for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2021, 2022 and 2023, we had provision for inventory obsolescence of US$2.1 million, US$3.2 million and US$5.2 million, respectively.

Our business is subject to customers' preferences and behavior, which are beyond our control. Any increase in inventory may adversely affect our working capital. If we cannot manage our inventory level efficiently in the future, our liquidity and cash flow may be adversely affected. As our business expands, our inventory level increases, and our inventory obsolescence risk may also increase along with the increased purchase of inventories. Furthermore, any unexpected and adverse changes to the optimal storage conditions at our warehouse may expedite the deterioration

of our inventories which may in turn increase our inventory obsolescence risk. Therefore, any unexpected change in the economic condition or degree of economic activities of our customers may render our inventory obsolete. Such unexpected change in the demand for our products may result in over-stocked inventories which may lead to decline in inventory values, and significant write-offs. All these factors may in turn adversely affect our business, financial condition, and results of operations.

We are subject to anti-corruption, anti-bribery, and similar laws, and noncompliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-corruption laws and regulations, including the FCPA, the U.K. Bribery Act and other anti-corruption, anti-bribery, anti-money laundering, and similar laws in the United States and other jurisdictions we operate in. Anti-corruption and anti-bribery laws, which have been enforced aggressively and are interpreted broadly, prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the public sector. Anti-money laundering laws prohibit disguising financial assets so they can be used without detection of the illegal activity that produced them.

We leverage our business partners, including channel partners, to sell our aircraft and service solutions and host facilities for our network. We may also rely on our business partners to conduct our business abroad. We and our business partners may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of our business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities. We are also subject to certain economic and trade sanctions programs administered by OFAC, which prohibit or restrict transactions to, or from, or dealings with, specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are SDNs, Sanctioned Persons, narcotics traffickers, and/or terrorists or terrorist organizations. Our subsidiaries may be subject to additional foreign or local sanctions requirements in other relevant jurisdictions.

We cannot assure you that all of our employees and agents have complied with, or in the future will comply with, our policies and applicable laws. The investigation of possible violations of these laws, including internal investigations and compliance reviews that we may conduct from time to time, could have a material adverse effect on our business. Noncompliance with these laws could subject us to investigations, severe criminal or civil sanctions, settlements, prosecution, loss of export privileges, suspension or debarment from government contracts and other contracts, other enforcement actions, the appointment of a monitor, disgorgement of profits, significant fines,

damages, other civil and criminal penalties or injunctions, whistleblower complaints, adverse media coverage and other consequences. Other internal and government investigations, regulatory proceedings, or litigation, including private litigation filed by our shareholders, may also follow as a consequence. Any investigations, actions, or sanctions could materially harm our reputation, business, financial condition, results of operations and prospects. Further, the promulgation of new laws, rules or regulations or new interpretations of current laws, rules or regulations could impact the way we do business in other countries, including requiring us to change certain aspects of our business to ensure compliance, which could reduce revenues, increase costs, or subject us to additional liabilities.

We are potentially subject to legal proceedings and other claims.

We are potentially subject to legal proceedings and other claims arising from or in connection with the conduct of our business, including proceedings and claims relating to commercial and financial transactions; alleged lack of compliance with applicable laws and regulations; disputes with suppliers, production partners or other third parties; product liability; patent and trademark infringement; employment disputes; and environmental, safety and health matters. In the case of litigation matters for which reserves have not been established because the loss is not deemed probable, it is reasonably possible that such claims could be decided against us and could require us to pay damages or make other expenditures in amounts that are not presently estimable.

Due to the nature of our business, we are subject to liability claims arising from or in connection with accidents involving our products, including claims for serious personal injuries or death caused by weather or by pilot error or a combination of both. In addition, we cannot be certain that our reserves are adequate and that our insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, we may not be able to obtain insurance coverage at acceptable levels and costs in the future. We cannot predict the levels of the premiums that we may be required to pay for subsequent insurance coverage, the level of any retention applicable thereto, the level of aggregate coverage available or the availability of coverage for specific risks. Litigation is inherently unpredictable, and we could incur judgments, receive adverse arbitration awards or enter into settlements for current or future claims that could adversely affect our results of operations.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties.

Fraud or other misconduct by employees, such as unauthorized business transactions and breaches of our internal policies and procedures, or third parties, such as breach of law, may be difficult to detect and prevent and could subject us to financial loss, sanctions imposed by governmental authorities and seriously harm our reputation. Our risk management systems,

information technology systems, and internal control procedures are designed to monitor our operations and overall compliance. See "Business — Internal Control and Risk Management." However, we may not be able to identify non-compliance matters in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct and the precautions we take to prevent and detect such activities may not be effective. Consequently, risk of fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This could materially adversely affect our business, financial condition, results of operations and prospects and our ability to meet our financial obligations.

Unanticipated changes in our tax rates or trade policies that we are subject to, or exposure to additional income tax liabilities or regulations could affect our profitability.

We are subject to income taxes, capital gains taxes, value-added taxes and/or other taxes in the U.S. and various foreign jurisdictions, and our domestic and international tax liabilities are subject to the location of income among these different jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings indefinitely reinvested offshore, changes to unrecognized tax benefits or changes in tax laws, which could affect our profitability. In particular, the carrying value of deferred tax assets is dependent on our ability to generate future taxable income, as well as changes to applicable statutory tax rates. In addition, the amount of income taxes that we pay is subject to audits in various jurisdictions, and a material assessment by a tax authority could affect our profitability.

Our tax filings are subject to audits by tax authorities in the various jurisdictions in which we do business. These audits may result in assessments of additional taxes that are subsequently resolved with the taxing authorities or through the courts. As of the Latest Practicable Date, there were no ongoing audits. However, there can be no assurances that unasserted or potential future assessments would not have a material effect on our business, financial condition, or results of operations.

In addition, we are subject to a wide variety of complex domestic and international laws, rules and regulations, including trade policies and tax regimes. We are affected by new laws and regulations and changes to existing laws and regulations, including interpretations by the courts and regulators, whether prompted by changes in government administrations or otherwise. These laws, regulations and policies, and changes thereto, may result in restrictions or limitations to our current operational practices and processes and product/service offerings which could negatively impact our current cost structure, revenue streams, future tax obligations, the value of our deferred income tax assets, cash flows and overall financial position.

Natural disasters or other events outside of our control may disrupt our operations, adversely affect our business, financial condition, results of operations and prospects, and may not be fully covered by insurance.

Natural disasters, including hurricanes, fires, tornados, floods and other forms of severe weather, the intensity and frequency of which are being exacerbated by climate change, along with other impacts of climate change, such as rising sea waters, as well as other events outside of our control including public health crises, pandemics, power outages and industrial accidents, have in the past and could in the future disrupt our operations and adversely affect our business. We also face seasonal impacts to our business due to the sometimes severe weather where our facilities are located, particularly in Duluth, Minnesota, which typically experiences significant snowfall that impacts production and where several of our facilities are located.

Any of these events could result in physical damage to and/or complete or partial closure of one or more of our facilities and temporary or long-term disruption of our operations or the operations of our suppliers by causing business interruptions or by impacting the availability and cost of materials needed for manufacturing or otherwise impacting our ability to deliver products and services to our customers. Existing insurance arrangements may not provide full protection for the costs that may arise from such events. The occurrence of any of these events could materially increase our costs and expenses and have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our Shares, and their liquidity and [REDACTED] price following the [REDACTED] may be volatile.

Prior to the **[REDACTED]**, there was no **[REDACTED]** for our Shares. There can be no guarantee that an active **[REDACTED]** for our Shares will develop or be sustained after the completion of the **[REDACTED]**. The **[REDACTED]** will be determined by negotiations between the **[REDACTED]** and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and us, which may not be indicative of the **[REDACTED]** at which our Shares will be **[REDACTED]** following completion of the **[REDACTED]**. The **[REDACTED]** of our Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

In addition, the **[REDACTED]** of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the United States and elsewhere in the world. In particular, the

performance and fluctuation of the market prices of other companies that have listed their securities in Hong Kong may affect the volatility in the **[REDACTED]** of and **[REDACTED]** for our Shares, and the **[REDACTED]** of our Shares may not reflect our actual results of operations.

Since there will be a gap of several days between [REDACTED] and [REDACTED] of our [REDACTED], the price of our [REDACTED] could fall below the [REDACTED] when the [REDACTED] commences.

The **[REDACTED]** of our Shares is expected to be determined on the **[REDACTED]**. However, our Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to be several business days after the **[REDACTED]**. As a result, **[REDACTED]** may not be able to **[REDACTED]** or otherwise **[REDACTED]** our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall below the **[REDACTED]** when the trading commences as a result of adverse market conditions or other adverse developments, that could occur between the time of **[REDACTED]** and the time **[REDACTED]** begins.

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and could face dilution as a result of future equity financings.

As the **[REDACTED]** of Shares is higher than the net tangible book value per share of our Shares immediately prior to the **[REDACTED]**, purchasers of our **[REDACTED]** will experience an immediate dilution. The unaudited **[REDACTED]** adjusted consolidated net tangible assets of our Group as of December 31, 2023 were approximately US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share) and US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share), based on the **[REDACTED]** of HK$**[REDACTED]** per Share and HK$**[REDACTED]** per Share, respectively. Such unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share has not taken into account the special cash bonus under the management incentive plan of no less than US$**[REDACTED]** based on the low-end of the indicative **[REDACTED]** range or no less than US$**[REDACTED]** based on the high-end of the indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised. See "Directors and Senior Management — Management Incentive Plan" for details. Had such special cash bonus (assuming a special cash bonus of US$**[REDACTED]** or US$**[REDACTED]** based on the low-end or high-end of the indicative **[REDACTED]** range of HK$**[REDACTED]** per Share or HK$**[REDACTED]** per Share), respectively, been taken into account, the unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share would decrease by approximately US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share), and the unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share would have been approximately US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share) and US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share), based on the **[REDACTED]** of HK$**[REDACTED]** per Share and HK$**[REDACTED]** per Share, respectively. There can be no assurance that if we were to immediately liquidate after the **[REDACTED]**, any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we

may consider **[REDACTED]** and **[REDACTED]** additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future or perceived sales of substantial amounts of our Shares could affect their [REDACTED] price.

Prior to the **[REDACTED]**, there has not been a **[REDACTED]** for our Shares. Future sales or perceived sales by our existing Shareholders, or issuance by us of significant amounts of our Shares after the **[REDACTED]**, could result in a significant decrease in the prevailing **[REDACTED]** prices of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the **[REDACTED]** due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the **[REDACTED]** or the perception that these sales may occur could significantly decrease the prevailing **[REDACTED]** for our Shares and our ability to raise equity capital in the future.

Our Controlling Shareholders have substantial influence over the Company, and our Controlling Shareholders' interests may not always be aligned with the interests of our other Shareholders.

Immediately following completion of the Share Subdivision and the **[REDACTED]**, AVIC, CAIGA and CAIGA Hong Kong will directly or indirectly hold in aggregate approximately **[REDACTED]**% of our Shares (assuming that the **[REDACTED]** is not exercised). The interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

Our Controlling Shareholders may have conflicts of interest with us and our other shareholders. Accordingly, our Controlling Shareholders and its members may take actions that favor their own interests, but which are not in the best interests of our other shareholders and which would adversely affect the interests of our other shareholders. As our Controlling Shareholders, and subject to our Memorandum and Articles and applicable laws and regulations, AVIC, CAIGA and CAIGA Hong Kong will have significant influence over our business and affairs, including decisions in respect of mergers, consolidations, other business combinations, acquisition or disposition of assets, issuance of additional Shares, timing and amount of dividend payments, election of Directors and senior management and approval of our annual budget. This concentration of ownership may discourage, delay or prevent changes in control that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

We may not pay any dividends in the future.

As we intended to retain most, if not all, of our funds and future earnings to fund the growth of our business, we have not adopted a formal dividend policy with respect to our future dividend. Therefore, you should not rely on the **[REDACTED]** in our Shares as the source of your future dividend income.

Subject to certain restrictions under the Cayman Islands law, our Board has the discretion to determine whether to distribute dividends. Namely, our Company may only pay dividends either out of profits or a share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at their fall due in the ordinary course of business. In addition, the dividend amount may not exceed the amount recommended by our Board. Furthermore, the timing, amount and form of future dividends are subject to the limitation of our future financial results. Accordingly, your **[REDACTED]** in our Shares will depend entirely upon any future price appreciation and there is no assurance as to the return of your **[REDACTED]**.

We are a Cayman Islands company and you may face difficulties in protecting your interests under the laws of the Cayman Islands.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability. Our operation and corporate affairs are governed by our Memorandum and Articles, the Cayman Companies Act and common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The Shareholders' right to take action against our Company and/or our Directors are governed by the common law of the Cayman Islands. However, the rights of the Shareholders and the fiduciary duties of Directors owed to us under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in Hong Kong, and the Cayman Islands has a less developed body of securities laws than Hong Kong. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a Hong Kong court. As we conduct substantially all of our operations and most of our Directors and senior management reside outside of Hong Kong, it may be difficult for you to effect service of process upon us or our management.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests than they would as public shareholders of a company incorporated in Hong Kong or the United States.

You should only rely on the information included in this Document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

There has been, prior to the publication of this Document, and there may be, subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us and the **[REDACTED]**. We have not authorized the disclosure of any information concerning the **[REDACTED]** in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, prospective **[REDACTED]** are cautioned to make their decisions on the basis of the information contained in this Document only and should not rely on any other information.

Forward-looking statements contained in this Document are subject to risks and uncertainties.

This Document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would," and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. **[REDACTED]** should not place undue reliance on such forward-looking statements and information.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications contained in this Document.

Facts, forecasts and statistics in this Document relating to the personal aviation industry are obtained from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We engaged Frost & Sullivan to prepare the Frost & Sullivan report, an independent industry report, in connection with the **[REDACTED]**. The information from official government sources has not been independently verified by us, the Sole Sponsor, the **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, the **[REDACTED]**, any of their respective directors, officers, employees, advisers or agents, or any other persons or parties involved in the **[REDACTED]**, and no representation is given as to the accuracy or completeness of such information and statistics. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Accordingly, the information from official government sources contained herein should not be unduly relied upon. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the **[REDACTED]**, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN PRESENCE OF MANAGEMENT IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the Group's business operations are primarily managed and conducted outside Hong Kong, the Group's headquarters is located in the United States, and all executive Directors are based outside of Hong Kong and are expected to continue to be based outside of Hong Kong; our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors which is not in the best interests of our Company and our Shareholders as a whole. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, we have applied for, [and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements, which are in line with the guidance in chapter 3.10 of the Guide for New Listing Applicants issued by the Stock Exchange:

(i) **Authorized representatives:** we have appointed Mr. Hui WANG (王暉) and Ms. Hoi Ting WONG (黃凱婷) as the authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules who will act at all times as our principal channel of communication with the Stock Exchange. The Authorized Representatives will be available to meet with the Stock Exchange upon reasonable notice and will be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. The Authorized Representatives are duly authorized to communicate on behalf of the Company with the Stock Exchange and will have all necessary means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact them on any matter. In the event that a Director expects to travel, he or she will provide (i) his or her mobile phone number, office number, email address and facsimile number (if any) to the Authorized Representatives; and (ii) phone number of

the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone. See "Directors and Senior Management" for more information about our Authorized Representatives;

(ii) **Joint company secretaries:** The Company has appointed Mr. Wei PI (皮巍) and Ms. Hoi Ting WONG (黃凱婷) as our joint company secretaries. Mr. Pi and Ms. Wong will, among other things, act as our additional channel of communication with the Stock Exchange and be able to answer enquiries from the Stock Exchange. Mr. Pi and Ms. Wong will maintain constant contact with the Directors and senior management team members through various means, including regular meetings and telephone discussions whenever necessary;

(iii) **Directors:** to the best of our knowledge and information, all the Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice. Any meeting between the Stock Exchange and the Directors can be arranged through our Authorized Representatives or compliance advisor, or directly with the Directors within a reasonable timeframe;

(iv) **Compliance advisor:** we have appointed Altus Capital Limited as our compliance advisor (the "Compliance Advisor") upon **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**. The Compliance Advisor will act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The Compliance Advisor will also provide us with professional advice on continuing obligations under the Listing Rules. The contact details of the Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor;

(v) **Hong Kong legal advisors:** In addition to the Compliance Advisor's role and responsibilities after the proposed **[REDACTED]** of the Company, which includes, among other things, to inform us on a timely basis of any amendment or supplement to the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to us and to provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations, our Company expects to retain Hong Kong legal advisors to advise on matters relating to the application of the Listing Rules including

but not limited to, the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable Hong Kong laws and regulations after **[REDACTED]**.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a Member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules provides that, in assessing "relevant experience," the Stock Exchange will consider the individual's:

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(iii) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

The Company appreciates that the company secretary will play an important role in its corporate governance following the Company's proposed **[REDACTED]**, particularly in assisting the Company and its Directors in complying with the Listing Rules and other applicable company and securities laws and regulations. The Company also understands that since its principal business activities are primarily outside Hong Kong and its Directors and members of the senior management do not reside in Hong Kong, it is particularly important that its company secretary has experience relevant to the Company's operations in discharging his/her function as a joint company secretary.

We have appointed Mr. Wei PI (皮巍) and Ms. Hoi Ting WONG (黃凱婷) of TMF Hong Kong Limited as our joint company secretaries. Mr. Pi has extensive experience in financial and accounting matters but presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Pi's biographical information is set out in the section headed "Directors and Senior Management." Ms. Wong is an assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. She has over 10 years of experience in the corporate secretarial field. Ms. Wong is an associate of The Hong Kong Chartered Governance Institute and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Ms. Wong's biographical information is set out in the section headed "Directors and Senior Management."

The joint company secretaries will be jointly discharging the duties and responsibilities of a company secretary. Ms. Wong will be assisting Mr. Pi in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Mr. Pi will be assisted by (a) the Compliance Advisor of our Company for the first full financial year starting from the **[REDACTED]**, particularly in relation to Hong Kong corporate governance practice and compliance matters; and (b) the Hong Kong legal advisor of our Company, on matters regarding our Company's ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Pi will attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange. We have applied to the Stock Exchange for, [and the Stock Exchange has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Pi may be appointed as a joint company secretary of our Company.

Pursuant to the guidance in chapter 3.10 of the Guide for New Listing Applicants issued by the Stock Exchange, the waiver will be for a fixed period of time not exceeding three years (the "Waiver Period") and on the following conditions: (1) Mr. Pi must be assisted by Ms. Wong who possesses the specific qualification and relevant experience under Rule 3.28 of the Listing Rules throughout the Waiver Period so as to enable Mr. Pi to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge his duties; and (2) the waiver

will be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of a three-year period on the condition that Ms. Wong, as a joint company secretary of our Company, will work closely with, and provide assistance to, Mr. Pi in the discharge of his duties as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. Wong ceases to provide assistance to Mr. Pi as the joint company secretary for the three-year period after **[REDACTED]**.

Our Company will further ensure that Mr. Pi will attend the relevant training and has access to the support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Prior to the end of the three-year period, the qualifications and experience of Mr. Pi and the need for on-going assistance of Ms. Wong will be further evaluated by our Company. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Pi, having benefited from the assistance of Ms. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the "relevant experience" within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

Please refer to the section headed "Directors and Senior Management — Joint Company Secretaries" in this Document for further information regarding the qualifications of Mr. Pi and Ms. Wong.

CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute non-exempt connected transactions of our Company under the Listing Rules upon **[REDACTED]** as described in the section headed "Connected Transactions" of this Document. Our Directors consider that strict compliance with the applicable requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied for, [and the Stock Exchange has granted to us,] a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules once the Shares are **[REDACTED]** on the Stock Exchange in respect of such non-exempt connected transactions. For further details, see "Connected Transactions" in this Document.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Position	Address	Nationality
Mr. Lei YANG (楊雷)	Non-executive Director and Chairman of the Board of Directors	Room 603 Building 16, AVIC Garden No. 188 Shanhuhai Road Jinwan District, Zhuhai Guangdong Province, PRC	Chinese
Mr. Hui WANG (王暉)	Executive Director and vice Chairman of the Board of Directors	Room 1202 Building 15, AVIC Garden No. 188 Shanhuhai Road Jinwan District, Zhuhai Guangdong Province, PRC	Chinese
Mr. Qingchun SONG (宋慶春)	Non-executive Director	Room 601 Building 14, AVIC Garden No. 188 Shanhuhai Road Jinwan District, Zhuhai Guangdong Province, PRC	Chinese
Mr. Liang LIU (劉亮)	Non-executive Director	Room 204 Building 4, AVIC Garden No. 188 Shanhuhai Road Jinwan District, Zhuhai Guangdong Province, PRC	Chinese
Mr. Yihui LI (李屹暉)	Non-executive Director	Room 902 Building 15, AVIC Garden No. 188 Shanhuhai Road Jinwan District, Zhuhai Guangdong Province, PRC	Chinese
Mr. Zean Hoffmeister Vang NIELSEN	Executive Director and chief executive officer	No. 1722 of Lake Avenue, Wilmette Illinois, United States	American and Danish

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Position	Address	Nationality
Mr. Ian H CHANG (張仁嫲)	Independent non-executive Director	Room 29M, North Apartment, China World Apartment No. 1 Jianguomenwai Street Chaoyang District Beijing, PRC	American
Mr. Chung Man Louis LAU (劉仲文)	Independent non-executive Director	16B Tower 2, Harbourfront Landmark 11 Wan Hoi Road, Hunghom Kowloon, Hong Kong	Chinese
Ms. Ferheen MAHOMED (*alias:* 馬穎欣)	Independent non-executive Director	Flat D1, 12/F, Yue Yan Mansions 96 Pok Fu Lam Road Pok Fu Lam, Hong Kong	British

Further information is set out in the section headed "Directors and Senior Management" in this Document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29th Floor, One International Finance Centre 1 Harbour View Street Central Hong Kong
Legal Advisors to the Company	*As to Hong Kong law and U.S. law:* **Shearman & Sterling** 21/F, Gloucester Tower The Landmark 15 Queen's Road Central Central, Hong Kong

As to U.S. law in relation to our business operations in the United States:

Faegre Drinker Biddle & Reath LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis
Minnesota 55402
United States

As to U.S. regulatory laws and International Sanctions laws:

Hogan Lovells International LLP
11th Floor, One Pacific Place
88 Queensway
Hong Kong

As to Vermont law:

Gravel & Shea PC
76 St. Paul Street
7th Floor
P.O. Box 369
Burlington
Vermont 05401
United States

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

As to PRC law:

Jia Yuan Law Offices
F408, Ocean Plaza
158 Fuxing Men Nei Street
Xicheng District
Beijing, PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law and U.S. law:* **Slaughter and May** 47/F, Jardine House 1 Connaught Place Central, Hong Kong *As to PRC law:* **King & Wood Mallesons** 25/F Guangzhou Chow Tai Fook Finance Centre, 6 Zhujiang East Road Zhujiang New Town, Tianhe District Guangzhou, PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central, Hong Kong
Industry Consultant	**Frost & Sullivan Limited** Unit 3006, 30/F, Two Exchange Square 8 Connaught Place Central, Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Address	**Maples Corporate Services Limited** PO Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Address of Head Office in the U.S.	4515 Taylor Circle Duluth Minnesota, 55811 United States
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**https://cirrusaircraft.com/** *(the information contained on the website does not form part of this Document)*
Joint Company Secretaries	**Mr. Wei PI (皮巍)** Room 1301 Building 26, An Nan Li Garden Tanzhou Town, Zhongshan Guangdong Province, PRC **Ms. Hoi Ting WONG (黃凱婷)** *(a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorized Representatives	**Mr. Hui WANG (王暉)** Room 1202 Building 15, AVIC Garden No. 188 Shanhuhai Road Jinwan District, Zhuhai Guangdong Province, PRC **Ms. Hoi Ting WONG (黃凱婷)** 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit, Risk Control and Compliance Committee	Mr. Liang LIU (劉亮) Mr. Chung Man Louis LAU (劉仲文) *(Chairperson)* Ms. Ferheen MAHOMED (*alias:* 馬穎欣)
Remuneration Committee	Mr. Qingchun SONG (宋慶春) Mr. Liang LIU (劉亮) Mr. Ian H CHANG (張仁嫻) *(Chairperson)* Mr. Chung Man Louis LAU (劉仲文) Ms. Ferheen MAHOMED (*alias:* 馬穎欣)
Nomination Committee	Mr. Lei YANG (楊雷) *(Chairperson)* Mr. Ian H CHANG (張仁嫻) Mr. Chung Man Louis LAU (劉仲文)
Compliance Advisor	**Altus Capital Limited** 21 Wing Wo Street Central Hong Kong

[REDACTED]

[REDACTED]

Principal Banks

Wells Fargo Bank, National Association
MAC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, NC 28262

Bank of China, Los Angeles Branch
444 South Flower Street, 39/F
Los Angeles, CA 90071
United States

The information and statistics set out in this section and other sections of this Document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan report, an independent industry report, in connection with the **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Sole Sponsor,* **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, *any of their respective directors, officers, employees, advisers or agents, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to the accuracy.*

SOURCE OF INDUSTRY INFORMATION

In connection with the **[REDACTED]**, we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the markets in which we operate. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries.

We have included certain information from the Frost & Sullivan Report in this Document because we believe such information facilitates an understanding of the market in which we operate for potential **[REDACTED]**. Frost & Sullivan prepared its report based on its in-house database, independent third party reports and publicly available data from reputable industry organizations, literature research and market data gathered by conducting interviews with key industry experts and leading industry participants. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of US$50,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful **[REDACTED]** or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the **[REDACTED]**. Our Directors confirmed that, to the best of their knowledge, after making reasonable enquiries, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

OVERVIEW OF GLOBAL GENERAL AND PERSONAL AVIATION MARKET

Definition and Classification of General and Personal Aviation

General aviation refers to all aviation other than military and scheduled commercial airlines. General aviation is the largest aviation market in the world based on units delivered. In 2023, the general aviation market aircraft deliveries totaled 3,050 new aircraft valued at approximately US$23.4 billion. General aviation encompasses both personal and professional aviation. Personal aviation refers to the non-commercial operation of fixed-wing[1] general aviation aircraft, including activities such as owner-flown and flight instruction. The personal aviation market accounted for 72.6% of the general aviation market based on the units delivered, with a total number of personal aviation aircraft deliveries of 2,215 units in 2023 valued at approximately US$3.7 billion. The main types of aircraft used in personal aviation include piston engine aircraft[2] and turbine aircraft[3]. Turbine aircraft include turboprop aircraft and jet. Professional aviation involves a range of activities, including corporate services, charter services, agricultural operations, fire protection, disaster relief and environmental conservation.

Note:

1. Fixed-wing general aviation aircraft refers to aircraft that have wings that are fixed in position and do not move during flight. Fixed-wing aircraft generally require a runway for takeoff and landing, while rotary wing aircraft — commonly referred to as helicopters can take off and land vertically. Cirrus SR2X series and Vision Jet are fixed-wing aircraft.

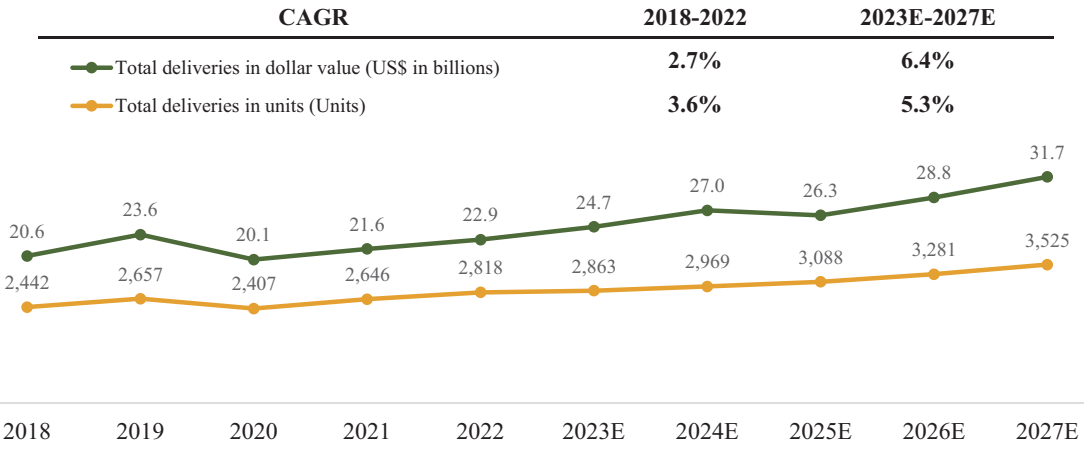
2. Piston engine aircraft refers to aircraft that are powered by piston engines. These engines use a combination of fuel and air to drive pistons within cylinders, converting the reciprocating motion into rotary motion to power the aircraft's propeller. Cirrus SR2X series are piston engine aircraft.

3. Turbine engine aircraft refers to aircraft powered by turbine engines. These engines use a continuous combustion process to generate thrust, providing high levels of power and speed. Vision Jet is a turbine engine aircraft.

GLOBAL AND REGIONAL GENERAL AVIATION AIRCRAFT DELIVERIES MARKET

Global market overview

Global General Aviation Aircraft Deliveries, in both Dollar Value and Units, 2018-2027E[(1)]



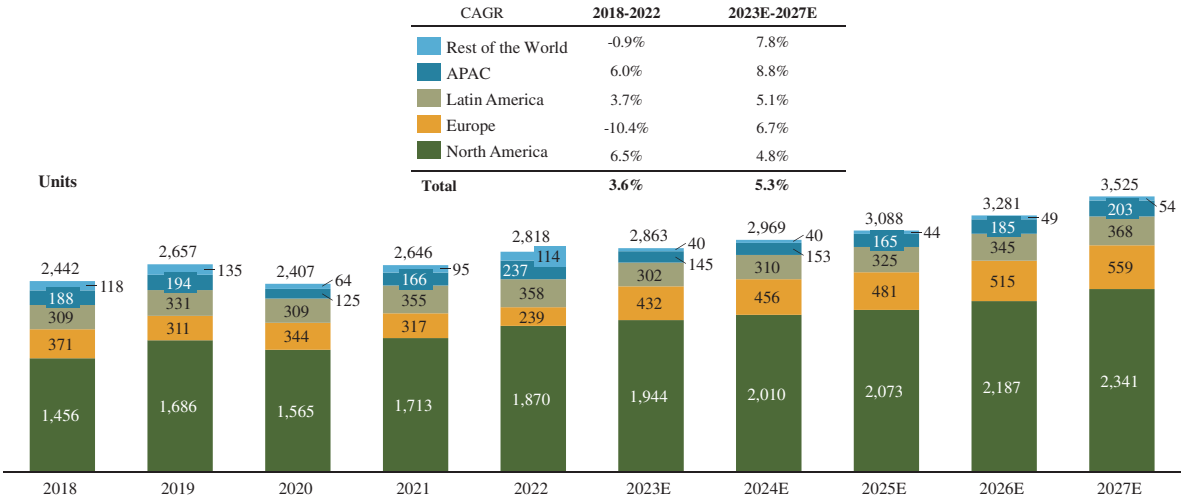
(1) Includes personal aviation piston aircraft and turbine aircraft, and fixed-wing professional aviation aircraft

Source: GAMA, Frost & Sullivan Analysis

Global economic growth and an increasing number of HNWIs, technological advancement, increasing availability and accessibility of airport infrastructure and related ancillary services are driving the growth of the general aviation market globally. In 2022, deliveries of general aviation aircraft, including personal aviation aircraft and fixed-wing professional aviation aircraft, reached 2,818 units, an increase from 2,442 units in 2018, representing a CAGR of 3.6%. Going forward, as the global economy recovers from the pandemic, with significant momentum in the growth of wealth among HNWIs, which is expected to lead to an increase in demand for general aviation aircraft as a luxury consumption option, it is expected that total deliveries will reach 3,525 units in 2027, representing a CAGR of 5.3% from 2023 to 2027. Global general aviation aircraft deliveries, measured by dollar value, are also expected to grow at a steady pace in the forecast period and reach US$31.7 billion in 2027, an increase from US$24.7 billion in 2023, representing a CAGR of 6.4%.

Regional market overview

Global General Aviation Aircraft Deliveries by Region, in Units, 2018-2027E



Source: GAMA, Frost & Sullivan analysis

North America (United States and Canada) has historically been by far the largest market for general aviation aircraft. In 2022, North America accounted for 66.4% of global deliveries of new fixed-wing piston, turboprop, and turbofan general aviation aircraft. The mature infrastructure present in North America further enhances the characteristic of general aircraft to provide flexible travel. In the United States, the general aviation aircraft fleet operates across a spectrum of more than 5,100 public-use airports, far more than any other country on an actual and per-capita basis. This wealth of civil aviation airport infrastructure is an important differentiator that encourages the widespread sale and use of general aviation aircraft. These aircraft operate across an extensive network of airports, providing unmatched and essential air services that help to connect communities, shorten overall travel times, increase productivity, and stimulate economic activity.

The growth in the aircraft pilot population in North America, also fueled by the number of student pilots in training, influences and reflects the demand for general aviation aircraft. The U.S. student pilot population grew at a CAGR of 13.5% from 167.8 thousand in 2018 to 280.6 thousand in 2022, which bodes well for sales of general aviation aircraft. Greatly contributing to the global general aviation market, the general aviation aircraft deliveries in North America reached 1,870 units in 2022, accounting for 66.4% of the world's total general aviation aircraft deliveries.

In the near future, the North America market is expected to benefit from a lower fuel price relative to other markets, and a significant backlog due to pent-up demand and an influx of customers who could previously afford personal aviation but, before COVID-19, could not justify the required investment. Additionally, general aviation is gradually being recognized as an optimal

transportation alternative with a noticeably higher return on investment, along with market potential derived from the growth of general aviation market. Based on a confluence of all factors, and a continuation of government policy and regulatory oversight that is broadly supportive of the general aviation industry, the North America market will continue to experience a strong growing momentum in the next five years. It is expected that the general aircraft deliveries in North America will reach 2,341 units by 2027 with a CAGR of 4.8% from 2023 to 2027.

While North America was the fastest growing world region for deliveries from 2018-2022, growth rates over the next five years are expected to be more equally balanced across world regions. Other than North America, Latin America and Europe are considered regional markets with noticeable growth potential. Despite facing challenges such as relatively immature infrastructure and non-uniform regulations across different countries, general aviation new aircraft delivery market in Latin America and Europe are still considered key geographies outside North America with significant market potential that cannot be overlooked.

Latin America and Europe serve as important transportation hubs connecting different countries and continents, making personal aircraft a more convenient and efficient mode of transportation. Moreover, in the post-COVID-19 period, individuals in both regions are increasingly focused on and prefer using general aircraft for business and leisure travel, and there is also a considerable customer base for general aircraft. European general aviation market was greatly affected by the pandemic, which has resulted in a reduction in market size in the past few years; however, it is anticipated to regain growth potential moving on to the post-pandemic stage upon economic recovery. Therefore, with continuous economic growth and improving infrastructure, Latin America and Europe are expected to experience increasing demand for general aircraft. It is expected that the general aircraft deliveries for Latin America and Europe will reach 368 and 559 by 2027, respectively, with a CAGR of 5.1% and 6.7% from 2023 to 2027.

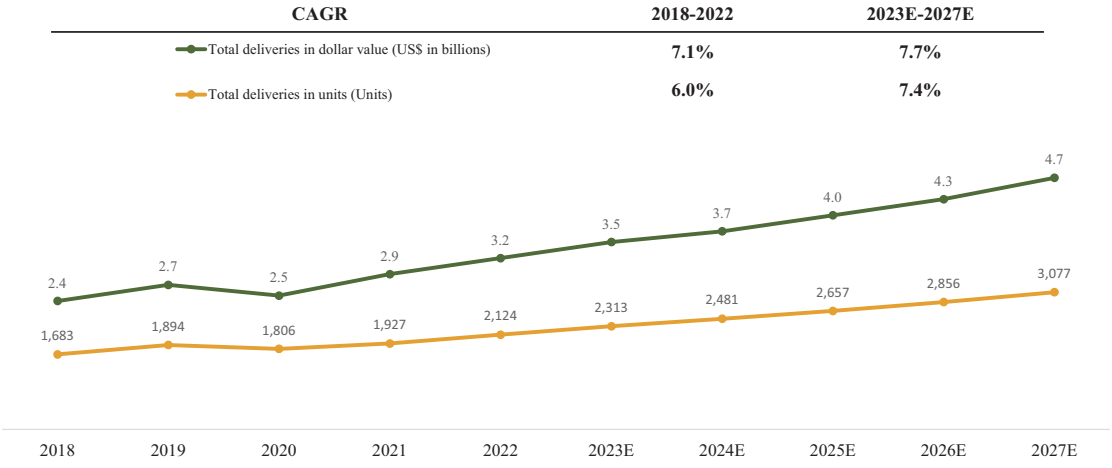
The market scale of other regions worldwide, including the Asia Pacific region, is relatively small in terms of the number of fleets or annual deliveries. However, due to the presence of supportive factors including 1) gradual relaxation of local government policies, 2) increasing consumption level of residents and 3) development of infrastructure and general aviation airports, it is anticipated that regional markets, including the Asia Pacific region, will experience potential market growth in the near future.

GLOBAL PERSONAL AVIATION AIRCRAFT DELIVERIES MARKET

The personal aviation aircraft market has experienced accelerated growth in terms of units delivered in comparison to the overall general aviation aircraft market. The personal aviation market has benefited from several factors, including the recovery of the global economy in the post-pandemic era, recovering business confidence, and the increase in the number of HNWIs

globally. Central to the interest of the expanded HNWI population in personal aviation are the key benefits of personal air mobility, privacy, security, schedule flexibility, and year-round accessibility. The personal aviation market is also expected to gain strong growth momentum in the future by benefiting from the growth in popularity of premium mobility services for customers seeking the finest personalized, customized air transportation solutions. The chart below sets forth the growth of personal aviation aircraft market:

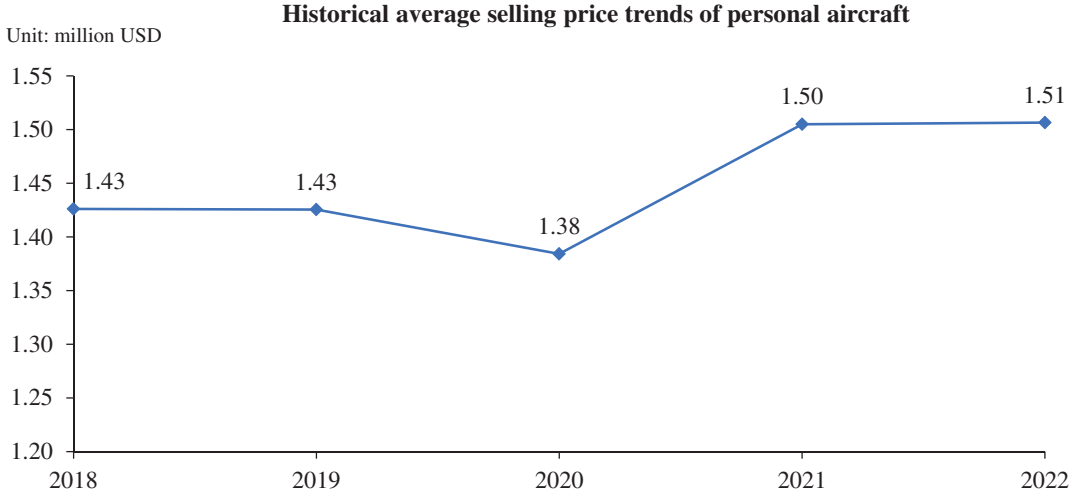
Global Personal Aviation Aircraft Deliveries, in both Dollar Value and Units, 2018-2027E



Source: GAMA, Frost & Sullivan analysis

The average selling price of personal aircraft has slightly increased during the past few years, which was mainly due to the increase in cost of raw materials and labor and aircraft manufacturers' success at developing and selling higher-priced models with higher-performance.

Historical average selling price trends of personal aircraft



Source: Frost & Sullivan

Aircraft manufacturers tend to compete based on aircraft size, price, engine type, mission performance, design features, brand reputation, and customer service. Due to their ease of operation and cost-effective performance, certain personal aircraft have gained popularity and become increasingly attractive as a sub-segment of personal aircraft.

GLOBAL GENERAL AVIATION AIRCRAFT SERVICE MARKET

Services including FBO, MRO, spare parts, upgrades, training, insurance and financing, play an important role in the growing general aviation aircraft market.

For the majority of top-line aviation manufacturing companies, typically with large-scale and aging fleets, relevant services can contribute up to 35% to 40% of revenue. The primary cause or consideration for most original equipment manufacturers ("**OEMs**") is that they focus on servicing their own aircraft for parts and maintenance, so the installed base or size of their own fleet, aircraft age, and aircraft utilization levels are the primary determinants of market potential.

In addition, the sales revenue derived from parts tends to be more noticeable than that derived from the new delivery of aircraft, due to the demand for aftersales maintenance services required by end customers. In terms of direct finances or leases, some aircraft OEMs tend to acquire their finance and equipment from banks and equipment lessors to facilitate sales, while utilizing resources in other areas of core competency. Providing aftermarket service can increase the profits of aircraft OEMs.

Service	Content
FBO	Fixed-base operators provide ground handling, fueling, parking, and other services for general aircraft. They may also offer concierge services, catering, and other amenities for passengers and crew.
MRO	Maintenance, repair, and overhaul. MRO services are crucial for ensuring the safety and airworthiness of general aircraft. They involve routine inspections, repairs, and upgrades to aircraft systems and components.
Spare parts	Components and parts used to replace worn or damaged parts of an aircraft.
Upgrades	Improvements or modifications made to an aircraft's equipment, systems, or design to enhance its performance.

Service	Content
Training	Educational programs and courses that teach pilots, mechanics, and other personnel how to operate aircraft.
Insurance	Protection against financial losses resulting from accidents, damage, theft, or other incidents related to aircraft ownership and operation. This can include liability coverage, hull insurance, and other specialized policies.
Financing	Obtaining funds to purchase or operate an aircraft, often through loans or other financial arrangements.

Source: Literature Research, Expert Interview and Frost & Sullivan Analysis

Services are gaining greater importance in the general aviation industry, which is attributable to several reasons:

Increasing demand for general aviation services. As more individuals and businesses enter the general aviation market, there is a growing need for support services to maintain and upgrade aircraft, as well as provide training, insurance, and financing solutions.

Regular maintenance. Regular maintenance serves as a major component in after-sale services in the general aviation industry, as it not only contributes to optimized operational levels but also further generates new sales opportunities.

Advancements in technology. New technologies are constantly being developed for small aircraft, which require specialized expertise to install, maintain, and repair. General aviation services, such as MRO and spare parts providers, play a critical role in ensuring that these technologies are effectively integrated into aircraft.

Safety concerns. Safety is paramount in the aviation industry, and general aviation services such as training and insurance help ensure that pilots are properly trained and insured against potential risks.

Long lifecycle of aircraft. General aircraft can last for decades with proper maintenance and upgrading. General aviation services such as upgrades and retrofits can help extend the lifespan of an aircraft while keeping it up to date with the latest technology and safety standards.

Regulatory compliance. The aviation industry is heavily regulated, and general aviation services must comply with strict regulations and requirements to ensure the safety and reliability of aircraft.

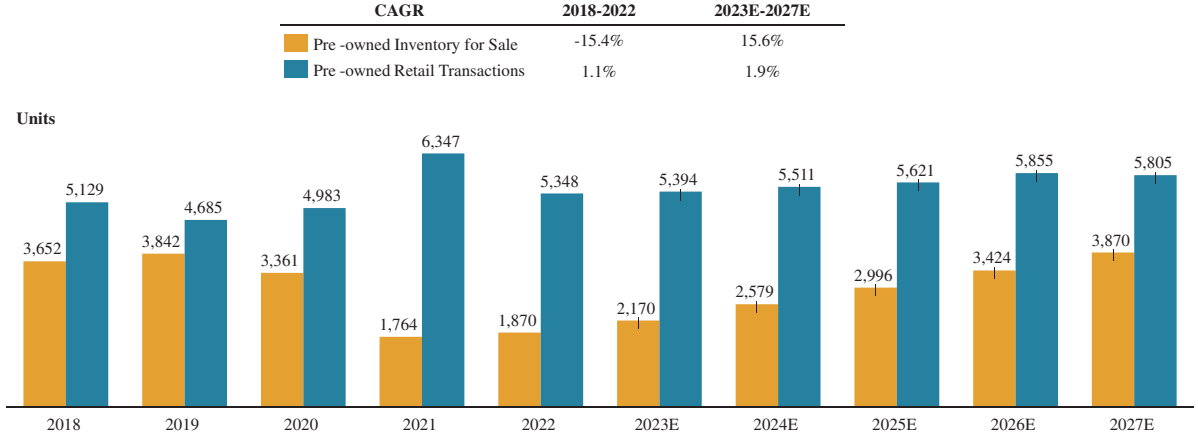
Brand reputation. New users show a greater tendency toward general aviation brands with a more established reputation and well-represented brand image. Brand reputation is crucial in attracting customers to new product offerings and services and further boosting market share for general aviation brands.

GLOBAL PRE-OWNED GENERAL AVIATION AIRCRAFT MARKET

The global inventory of pre-owned general aviation aircraft has begun to rebuild after historically low levels in 2021. In 2022, the pre-owned turboprop and jet inventory reached 3.1% and 5.4% of the total in-service fleet respectively. As inventory levels representing 10% to 12% of the fleet are more typical of a balanced aircraft market, it is expected that the pre-owned general aviation aircraft inventory will maintain a steady growth in the future.

At the same time, the rebound in inventory also signals a period where transaction prices will likely soften from their recent highs. The pre-owned aircraft market has begun to shift from a classical "seller's market" to one where there is better balance between buyers and sellers. With the growth of general aviation aircraft registration numbers and relatively lower transaction prices compared to new aircraft, it is expected that the transaction volume of pre-owned general aviation aircraft will reach 5,805 by 2027, with a CAGR of 1.9% from 2023 to 2027.

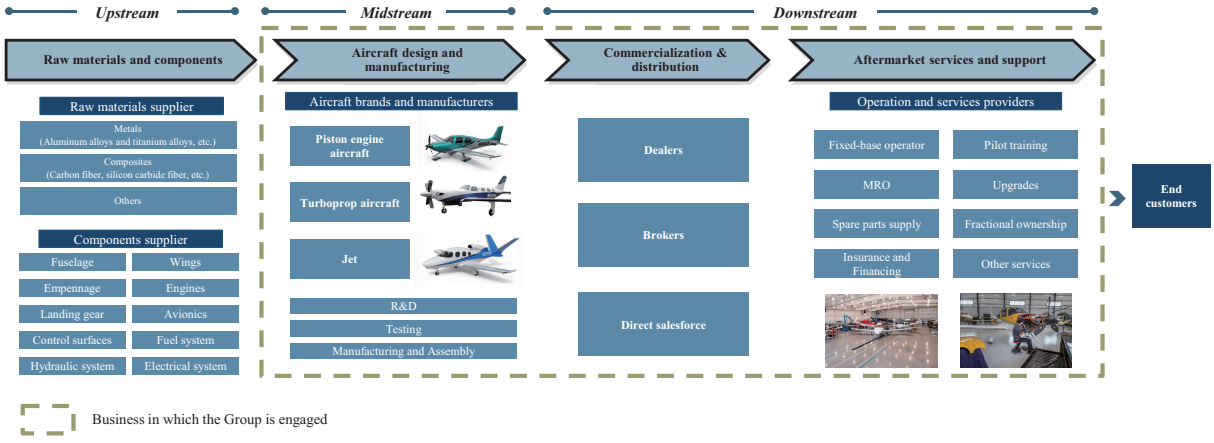
Global Pre-owned General Aviation Aircraft Inventory and Transactions, 2018-2027E



Source: Literature Research, Expert Interview and Frost & Sullivan Analysis

VALUE CHAIN OF PERSONAL AVIATION INDUSTRY

The diagram below sets forth the value chain of personal aviation:



Source: Literature Research, Expert Interview and Frost & Sullivan Analysis

Upstream Market

Raw materials and components that serve as the upstream portion of the personal aviation industry include various metals, composites, plastics, electronics, avionics, engines, and other mechanical parts. These materials and components are used in the manufacturing of aircraft, aircraft parts, and related systems. Examples of raw materials used include aluminum alloy, titanium alloy, carbon fiber, and various types of steel. Components such as engines, landing gear, and avionics systems are critical to the operation of the aircraft and require specialized manufacturing processes and expertise.

Midstream Market

R&D is a crucial midstream activity in the personal aviation industry, which involves the development of new technologies, materials, and systems for aircraft design, testing, and certification. R&D efforts can focus on various areas such as aerodynamics, structural engineering, propulsion systems, avionics, and safety features. These developments aim to enhance aircraft performance, fuel efficiency, safety, reliability, system intelligence and simplicity in operation. Assembly, on the other hand, involves the process of building aircraft or aircraft parts using raw materials, components, and systems developed during the R&D stage. Assembly processes can vary depending on the type and complexity of the aircraft being produced and typically involve a series of stages, including fabrication, assembly, installation, testing, and certification of aircraft systems.

Downstream Market

During the process of commercialization and distribution, key participants involved in distribution networks of personal aviation include dealers, brokers and direct salesforce. The distribution networks of leading participants in the downstream market include numerous approaches, and among all, the direct salesforce approach is gaining popularity due to its advantage in effective customer relationship maintenance and demonstration of core product competence. Personal aircraft are then distributed to end customers, with related aftersales services provided by operation and services providers. Operation and services such as FBO, MRO, pilot training, aircraft management, insurance, financing, and fractional ownership are also an essential part of the downstream value chain of personal aviation. For details of these services, see "Global General Aviation Aircraft Service Market." These operation services are critical for the safe, efficient, and cost-effective operation of personal aircraft. The quality and availability of these services can impact the adoption and growth of the personal aviation industry, and may further deliver value to customers and result in greater new purchases or product upgrades from customers.

In the downstream portion of the personal aviation industry, there are two main customer segments: enterprise customers and individual customers. Enterprise customers include businesses, and other organizations that use personal aircraft for various purposes such as self-use and commercial operation. These customers often have specific requirements for their aircraft, such as range, speed, payload capacity, and specialized equipment. The aircraft may be owned or leased, and maintenance and operation may be outsourced to third-party service providers. Individual customers include private individuals who own or charter personal aviation aircraft for personal or recreational use, such as air travel, sightseeing, and sports. These customers may also have specific requirements for their aircraft, such as comfort, speed, range, safety, and simplicity in operation. Individual customers may operate their aircraft or hire a pilot to operate it for them. Both enterprise and individual customers are essential for the growth and sustainability of the personal aviation industry.

Similar to luxury cars and the first class offering of commercial airlines, personal aviation is an important part of the premium mobility service market and is capable of providing much more flexible, efficient and comfortable mobility services with a high degree of privacy. Personal aviation is gaining wide acceptance as it becomes increasingly convenient to access and affordable to end customers, while potentially delivering advanced product features.

KEY DRIVERS FOR PERSONAL AVIATION AIRCRAFT AND SERVICE MARKET GROWTH

Global economic growth and increasing number of HNWIs

Extensive domestic and international travel is common for HNWIs, and HNWIs are important consumers for the global personal aircraft market. From 2017 to 2022, the worldwide HNWI population increased from 48.8 million to 69.5 million at a CAGR of 7.3%, and is expected to reach 109.1 million by 2027, representing a CAGR of 11.9% from 2023 to 2027. As an optimized option, personal aircraft is becoming widely chosen by HNWIs for short-distance commuting, sightseeing, and other recreational activities. This could create opportunities for personal aviation service providers to offer customized solutions to meet specific needs. The overall consumer base of personal aviation has increased accordingly.

Post-pandemic global economic recovery driving consumer perception toward privacy and convenience

The COVID-19 pandemic has disrupted travel and transportation worldwide, leading to increased interest in private air travel as an alternative to commercial airlines. As the global economy recovers, individuals and businesses are expected to have more disposable income to spend on leisure and travel. As such, consumers show greater tendency toward enhanced services regarding transportation with a stronger focus on safety and convenience. During the post-pandemic stage, consumers are motivated to subscribe to premium product and service offerings and an enhanced traveling experience, while prioritizing privacy and convenience. Additionally, businesses may use personal aircraft for corporate travel, as they seek to improve efficiency and premium services. At a global scale, premium air traffic has recovered at a faster pace than total air traffic as a result of the eased traveling restriction and pent-up traveling demand during post-pandemic. This was well-demonstrated in the 86% recovery rate (i.e., the number of air travelers in a given month as a percentage of the number of air travelers in the same month in the prior year) of premium air passengers in February 2023, outweighing that of total air passengers which was at 81%. In Europe and North America, Europe's premium air passenger recovery rate in February 2023 was 93.1%, representing a significant increase from 56.3% in February 2022, whereas in North America, it reached 107.7% in February 2023 as compared to 75.3% in February 2022 and surpassed pre-pandemic levels.

Technological advancement leading to upgrade in product offering

Due to a number of factors, including favorable government policies and investments and increased interest in personal aviation, advancements in technology have made small aircraft more accessible and affordable. In addition, with the development of technology, products are becoming

more intelligent with increasing simplicity to operate, while providing enhanced levels of safety, such as the innovative development of autonomous navigation and autonomous electric vertical takeoff and landing (eVTOL) technology. The improved product offerings have contributed significantly to the growth of the personal aviation industry, making it more convenient for individuals to own and operate small aircraft for personal use.

Increasing availability and accessibility of airport infrastructure and related ancillary services

Airports serve as critical hubs for personal aviation, providing essential services such as fueling, maintenance, and storage for personal aircraft owners. In recent years, there has been a trend towards expanding and upgrading airport infrastructure to support the growing demand for personal aviation services. As a result, there has been a proliferation of small and regional airports across many parts of the world, making it easier for individuals to access personal aviation services. For instance, the total number of public airports increased from 4,785 in 2018 to more than 5,100 in 2022 in the U.S. In addition, many airports have upgraded their infrastructure, adding new facilities and services such as FBOs that provide aircraft parking, fueling, maintenance, and catering services. The increasing availability and accessibility of airport infrastructure have contributed significantly to the growth of the personal aviation industry.

Pilot formation and increasing number of qualified personal aviation pilots

Pilots are essential to the operation and growth of the personal aviation industry, and an increase in the number of qualified pilots can help to expand the market for personal aviation services. In the United States, the number of licensed pilots reached approximately 757 thousand in 2022, representing a CAGR of 4.7% from 2018, and such number is expected to increase further to approximately 993 thousand in 2027 at a CAGR of 5.7%, which is attributable to several factors including the availability of affordable flight training programs and new technologies such as flight simulators and online learning tools making it easier and more efficient to train pilots.

MARKET TRENDS ANALYSIS OF GLOBAL PERSONAL AVIATION MARKET

Cost-efficient aircraft with higher ownership flexibility options will become more popular and attract a larger customer base.

In recent years, advancements in technology and manufacturing processes have led to a decrease in the cost of personal aircraft. This, coupled with a growing demand for convenient and efficient transportation options, has made personal aircraft more attractive to a larger customer

base. Some companies are offering innovative ownership and sharing models, such as fractional ownership and on-demand charter services, which can make personal aircraft more affordable and convenient to access to a wider range of customers.

User-friendly features and ease in operation serve as key product features for personal aircraft to become more accessible to growing number of customers.

As personal aircraft gain popularity as an optimal transportation alternative of personal use, future product development could potentially adapt a consumer-centric approach to prioritize the simplicity in operation for end consumers. Changing consumer preferences are also driving the trend towards more commercial applications for personal aircraft. Without any necessary downgrade in functionalities or safety features, it is expected that users will be able to operate newly developed personal aircraft with ease and accessibility.

Advance technological innovation and intelligent product features will be associated with future development of personal aviation products.

In the long run, new technologies such as electric propulsion and airframe parachute system could enable greater flexibility, efficiency, and safety in personal aviation operations, making it more practical for commercial use.

Personal aviation aircraft are likely to become more widely used in commercial applications and provide on-demand premium mobility services as the personal aviation industry continues to evolve, bringing significant benefits to both consumers and businesses, offering greater convenience, flexibility and speed in air travel.

ENTRY BARRIERS AND KEY SUCCESS FACTORS IN GLOBAL PERSONAL AVIATION MARKET

Product R&D and step-up product and service family strategy

Designing and developing a personal aircraft requires a deep understanding of aerodynamics, materials science, electronics, and other specialized fields. This requires a commitment to continuous research and development and a willingness to invest in new technologies and processes. To further enhance product offering, the step-up product and service family strategy involves offering a range of products and services that cater to different segments of the market, from piston aircraft to jet, as well as corresponding MRO services. By offering a comprehensive product and service family, established manufacturers can leverage their brand reputation and customer loyalty to capture a larger share of the market. Existing customers who have purchased one type of aircraft from a particular manufacturer may be more likely to purchase additional

models or services from the same supplier, particularly if they are satisfied with the quality and reliability of the existing products. In addition, the step-up product and service family strategy allows manufacturers to benefit from economies of scale and scope. Overall, the step-up product and service family strategy can act as an entry barrier for new aircraft manufacturers. Leading companies with a comprehensive product and service offering have an advantage in terms of brand recognition and customer loyalty, making it more challenging for new entrants to break into the market.

Manufacturing capabilities and supply chain management expertise

Manufacturing a personal aircraft requires specialized knowledge of materials, processes, and technologies, as well as skilled labor. In addition, a strong capability of integrating industry knowledge and skillsets in these fields further serves as a key success factor. Manufacturers must ensure that their production processes are efficient, cost-effective, and meet all necessary quality standards. Additionally, the supply chain for personal aircraft components is often complex and global, requiring strong relationships with suppliers and extensive logistics knowledge. Sourcing high-quality parts and materials can be challenging, as can managing inventory levels to avoid stockouts or excess inventory. Without this expertise, manufacturers may struggle to produce aircraft at scale and control costs, making it difficult to compete in the market. Supply chain management is crucial to personal aviation manufacturers, as disruptions in supply chain could impact production schedules, further delaying time-to-market. In addition, leading manufacturers usually engage in the entire process from raw material quality control to the manufacturing process to ensure high product quality.

Installed base of customers and value delivered to customers

Established manufacturers with a large and loyal customer base have a significant advantage over new entrants who must build their customer base from scratch. These customers may be loyal to the brand and have established good relationships with the manufacturer, making it difficult for new entrants to attract them. In addition, existing customers may be resistant to switching to a new manufacturer due to the high cost and complexity of owning and operating personal aircraft. They may prefer to remain with a trusted brand that they know and are familiar with. To overcome this entry barrier, new entrants must find ways to differentiate themselves from established manufacturers and build their own loyal customer base. Established personal aircraft manufacturers with a long history in the industry and a strong marketing presence have typically built-up higher levels of brand awareness than new entrants. New entrants to the market may struggle to build up a reputation for product quality and reliability without significant investment in product development, marketing, and customer support. Customers, particularly in the aviation industry, prioritize safety above all else. A manufacturer's safety record and reputation can greatly influence

customer trust and purchasing decisions. Establishing a strong safety reputation requires a track record of producing safe and reliable aircraft, as well as implementing rigorous quality control and testing processes.

Financial strength

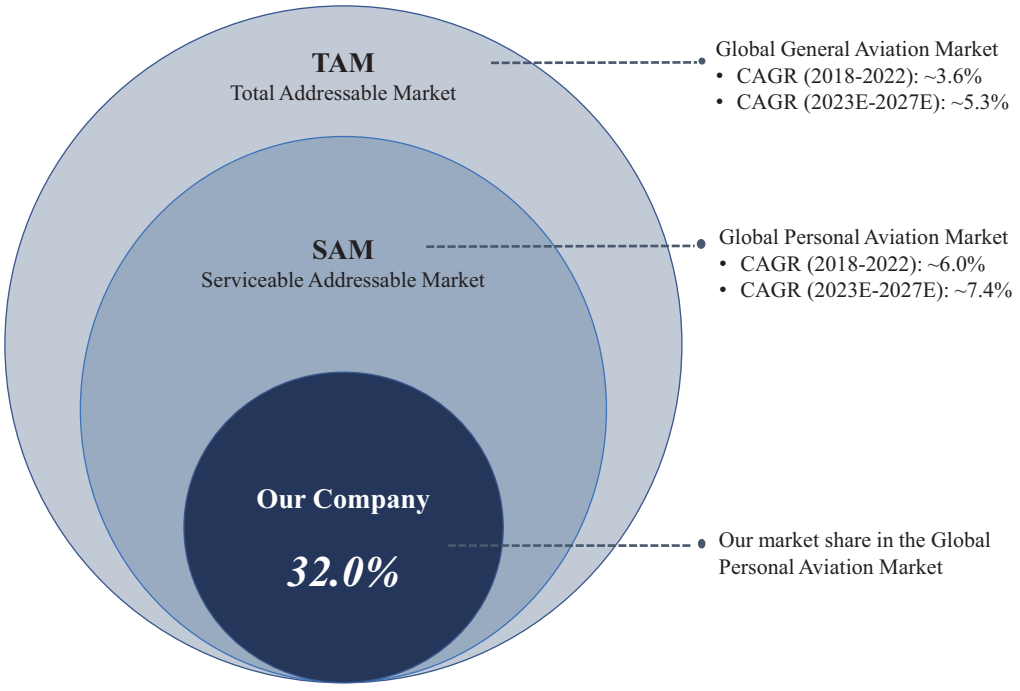
Aircraft manufacturing and service network establishment requires substantial upfront investment in research and development, design, production facilities, and supply chain management. Due to the nature of the personal aviation market, high initial capital is required to commercialize and build out infrastructure, and it takes time to build out financially viable aircraft. As such, established manufacturers with strong financial performance are often better positioned to weather downturns in the market, maintain high levels of R&D spending, and invest in new technologies that improve their products' competitiveness. Aircraft manufacturing is generally characterized by high fixed costs, which means that new entrants must achieve a significant scale of production to achieve economies of scale and compete on cost with established players. This often requires sustained investments over many years, which may be difficult for new competitors without strong financial backing. Additional financial capabilities are usually required by aircraft manufactures to enable sufficient coverage of sales and aftersales network to enhance service delivery capabilities. Furthermore, the aviation industry is heavily regulated by government agencies, requiring strict adherence to safety standards, environmental regulations, and other compliance requirements. Compliance with these regulations can be expensive and time-consuming. Overall, the financial performance can be a critical entry barrier for new companies looking to enter the market. Established manufacturers with strong financial positions, experienced management teams, and established supply chains are more likely to have the resources and experience necessary to navigate the challenges of aircraft manufacturing successfully.

Regulatory and certification expertise

Regulatory and certification expertise is a significant entry barrier for personal aircraft manufacturers because it requires a deep understanding of complex legal and technical requirements related to aviation safety. Manufacturers must comply with rigorous regulations from organizations such as the FAA in the United States or the European Aviation Safety Agency in Europe, which can involve extensive testing and evaluation processes. This expertise is critical to ensure that the aircraft meets all necessary safety standards and regulations before it can be certified for commercial use. Without this expertise, manufacturers may struggle to navigate the regulatory landscape and obtain certification, making it difficult to bring their product to market.

COMPETITIVE LANDSCAPE

Market Size Breakdown (in units delivered)



Note: Not to scale

Source: *GAMA, Frost & Sullivan Analysis*

According to GAMA, the scale of deliveries of general aviation aircraft globally was 3,050 in 2023. We are the largest general aviation aircraft manufacturer globally with a market share of 23.2% in 2023 based on the number of units delivered.

Ranking and market share of companies by deliveries of general aviation aircraft in global general aviation aircraft (2023)

Ranking	Company	Listing Status (Yes/No)	Deliveries in units	Market share by deliveries	Revenue in Million USD	Market share by revenue
1	Our Company[1]	No	708	23.2%	930.1	4.0%
2	Textron Aviation[2]	Yes	618	20.3%	3,615.6	15.5%
3	Diamond Aircraft[3]	No	273	9.0%	212.6	0.9%
Top three market participants			1,599	52.4%	4,758.3	20.4%
Others			1,451	47.6%	18,618.7	79.6%

Source: *GAMA, Frost & Sullivan Analysis*

1. Our company is a global personal aircraft manufacturer founded in 1984, primarily designing, producing and selling single-engine piston and jet.

2. Textron Aviation is the general aviation business unit of the conglomerate Textron Inc. (NYSE: TXT) that was formed in 2014. Through acquisition and integration, the company holds Beechcraft, Hawker and Cessna-branded aircraft, and offers a comprehensive product mix, encompassing business jets, turboprops, piston engine aircraft, and trainer aircraft.

3. Diamond Aircraft is a manufacturer of general aviation aircraft based in Austria with facilities in Canada and China and founded since 1981. The company specializes in the production of piston aircraft, including single engine and multi engine piston aircrafts, with majority of its products flown by private pilots, professional flight training operators and institutions.

4. Piper Aircraft Inc and TECNAM Aircraft are also leading general aviation aircraft manufacturers, which have less unit delivery or revenue with limited data availability.

The development of the personal aviation market is primarily contributed and driven by the capability in new product R&D and upgrades by key market participants. The scale of deliveries of personal aircraft globally was 2,215 in 2023, according to GAMA. 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.

Ranking and market share of companies by deliveries of personal aircraft in global personal aviation aircraft market (2023)

Ranking	Company	Listing Status (Yes/No)	Deliveries in units	Market share by deliveries	Revenue in Million USD	Market share by revenue
1	Our Group	No	708	32.0%	930.1	24.9%
2	Cessna Aircraft[1]	Yes	374	16.9%	564.2	15.1%
3	Diamond Aircraft	No	273	12.3%	212.6	5.7%
Top three market participants			1,355	61.2%	1,706.9	45.8%
Others			860	38.8%	2,022.0	54.2%

Notes:

1. Cessna is an American brand of general aviation aircraft owned by Textron Aviation since 2014.

2. Piper Aircraft Inc and TECNAM Aircraft are also leading personal aviation aircraft manufacturers, which have less unit delivery or revenue with limited data availability.

Source: GAMA, Frost & Sullivan Analysis

The Company competes with its competitors on the basis of price, performance and specifications as illustrated in the comparison below:

Personal Piston Aircraft Comparison						
Manufacturer	Cirrus	Cirrus	Cirrus	Cessna	Diamond	Piper
Model	SR20	SR22	SR22T	Skylane	DA62	M350 PA-46
Base Price	$626,900	$838,900	$963,900	$574,000	$1,482,000	$1,586,183
Maximum Occupants[1]	5	5	5	4	7	6
Maximum Takeoff Weight (pounds)[2]	3,050	3,600	3,600	3,100	5,071	4,340
Maximum Cruise Speed (ktas)[3]	155	183	213	145	192	213
Useful load (lbs)[4]	1,028	1,328	1,246	1,110	1,545	1,308
Takeoff Distance (ft)[5]	1,685	1,082	1,517	795	1,570	2,090
Maximum Range (nm)[6]	709	1,169	1,021	915	1,288	1,343

Personal Turbine Aircraft Comparison						
Manufacturer	Cirrus	Piper	Epic	Daher	Pilatus	Textron
Model	Vision SF 50	M600-PA-46	E1000	TBM 960	PC-12 NGX	Citation M2
Base Price	$3,240,000	$3,524,000	$4,190,000	$4,778,964	$5,716,200	$5,855,000
Maximum Occupants[1]	7	6	6	6	11	7
Maximum Takeoff Weight (pounds)[2]	6,000	6,000	8,000	n.a.	10,450	10,700
Maximum Cruise Speed (ktas)[3]	311	274	333	330	290	404
Useful load (lbs)[4]	2,450	2,400	2,860	n.a.	n.a.	3,810
Takeoff Distance (ft)[5]	2,036	2,635	2,254	2,535	2,485	3,210
Maximum Range (nautical miles)[6]	1,275	1,658	1,560	1,730	1,803	1,550

Notes:

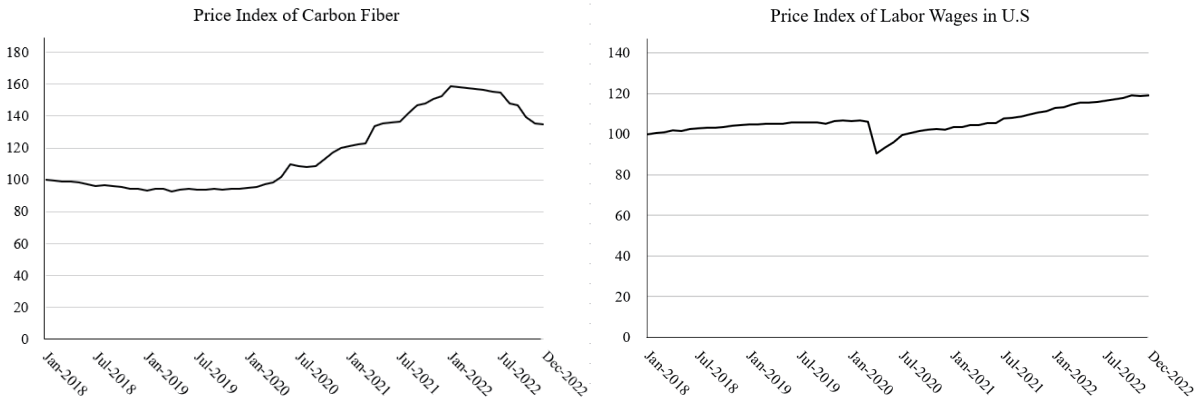
1. *Maximum Occupants refers to the maximum number of individuals, including passengers and crew members, that an aircraft is certified to accommodate.*
2. *Maximum takeoff weight refers to the maximum weight at which the pilot is allowed to attempt to take off.*
3. *Max cruise speed refers to the fastest sustainable speed at which an aircraft can be flown in normal operating conditions.*
4. *Useful load refers to the weight of the pilot, copilot, passengers, baggage, usable fuel, and drainable oil of the aircraft.*
5. *Takeoff distance refers to a horizontal distance required to take-off and climb to a specified height above the take-off surface.*
6. *Maximum range refers to the maximum distance an aircraft can fly between takeoff and landing.*

Source: Public information, Company Website, Business & Commercial Aviation, Frost & Sullivan

PRICE ANALYSIS OF KEY RAW MATERIALS AND LABOR

Major raw materials used by personal aviation manufacturers include aluminum, titanium, and carbon fiber composites. Carbon fiber is an advanced fiber material used in the production of high-performance composite materials for aircraft. From 2019 to 2021, the increasing demand for carbon fiber in various industrial sectors, combined with disruptions in production and logistics caused by the COVID-19 pandemic, led to a consistent upward trend in carbon fiber prices. However, starting in 2022, the market experienced a shift as carbon fiber supply expanded and the raw material prices for carbon fiber declined, resulting in a downward trend in carbon fiber prices.

Labor cost is a significant component of overall costs for personal aviation manufacturers. Over the past five years, labor wages have demonstrated an upward trend. In early 2020, the outbreak of COVID-19 had a severe impact on economic activity, resulting in a significant decline in labor wages. However, as the impact of the pandemic gradually subsided and economic activity rebounded, labor wages resumed an upward trajectory. By the end of 2022, labor wages had risen by approximately 20% compared to early 2018.



Source: BAIINFO, U.S. Bureau of Labor Statistics, Frost & Sullivan analysis

LAW AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATIONS IN THE UNITED STATES

We engage in manufacturing, sales, marketing and customer service activities through Cirrus Design, a corporation headquartered in Duluth, Minnesota, but organized under the laws of the State of Wisconsin, the United States, and manufacturing activities through Dakota Aircraft Corporation, a corporation headquartered in Duluth, Minnesota, but organized under the laws of the State of North Dakota, the United States. Both Cirrus Design Corporation and Dakota Aircraft Corporation are our indirect wholly-owned subsidiaries. The following is a summary of certain U.S. federal and state laws and regulations that are material to our operations. This summary does not purport to be complete or describe applicable U.S. federal, state, or local laws in their entirety. The summary highlights material laws, rules, and regulations to illustrate the legal issues that arise in the conduct of our business, but does not explain every single law, interpretation or application. In many cases, the outcome of a legal matter will be highly fact-specific.

Environmental Laws and Regulations

Our activities in the U.S. are subject to U.S. federal, state, and municipal laws governing the release of pollutants into the water, air, and soil. These laws affect how we receive, handle, store, market, label, and sell our products, and how our customers use our products. The U.S. Environmental Protection Agency ("**EPA**") is primarily responsible for promulgating and enforcing environmental regulations. U.S. states are generally free to adopt laws that are more stringent than U.S. federal law. Most U.S. states have adopted and enforce environmental laws and regulations applicable to businesses conducting activity in their states. Environmental laws in the U.S. are strictly enforced by federal, state, and local law enforcement agencies.

The U.S. Resource Conservation and Recovery Act gives the EPA and delegated state agencies broad authority to regulate the generation, treatment, storage, transportation, and disposal of hazardous materials and hazardous waste. To the extent our products include hazardous material or hazardous materials are used in our production or fueling processes, we are subject to regulations that provide how we must handle such materials and manage the disposal of such materials, among other matters. We may be required to send waste that we generate to a permitted hazardous waste disposal facility or a recycler.

Product Liability and Consumer Protection

As a manufacturer and seller of personal aircraft, we may be liable for injuries and damages caused by our products under broad and consumer-friendly products liability laws if the products are proven to be defective. Each of the 50 states in the United States has different laws and judicial precedents that can vary significantly from one another. While circumstances and jurisdictions can differ in significant ways, the following provides a broad overview of the product liability law concepts that are generally followed in the majority of the states within the United States.

Product liability lawsuits may be brought against manufacturers by individual plaintiffs who have sustained injury, death, or property damage due to a defective product. In addition, lawsuits may be brought by groups of plaintiffs who have suffered similarly-situated claims relating to a defective product and who are certified by a court as a proper class of plaintiffs to act together to bring a class action suit in the United States. Manufacturers may also be subject to cross-claims or third-party claims for indemnity or contribution brought by other defendants in a product liability suit who may be upstream or downstream in the supply chain.

The types of product liability claims brought by plaintiffs generally fall into three broad categories: (1) design defect claims, which are based upon inherent flaws in the intended design or make-up of the product, (2) manufacturing defect claims, which are based on product flaws caused during the construction or production of the particular item that deviate from the intended design, and (3) failure to warn claims, which are based on inadequate product warnings or instructions, and whether inherent dangers could have been mitigated or avoided through adequate warnings to the user. Some states have also added an additional post-sale duty to warn of later discovered latent defects, designed to prevent future injuries involving the same product.

Plaintiffs generally assert product liability claims premised on legal theories of liability based on negligence, strict liability, or breach of an express or implied warranty. Most jurisdictions permit the submission of a case under multiple theories, so it is common to see a plaintiff plead his or her complaint under all of the aforementioned theories of liability. Regardless of the theory a plaintiff chooses to pursue, the burden is generally on the plaintiff to establish and prove (1) that the product in question was defective, (2) an injury and/or damages, and (3) a causal relationship between the defect and the injury.

Negligence is the failure of a manufacturer to do something that a manufacturer exercising reasonable care under the circumstances would have done in the same or similar circumstances. Generally, a negligence claim requires the plaintiff to demonstrate that the defendant owed a legal duty of care, the defendant breached that duty, and such breach caused the plaintiff's injury.

Strict liability is another theory of liability adopted by most states. A lawsuit based on strict liability does not depend on the fault or lack of care by the manufacturer. Rather, such a lawsuit is based solely on the presence of a defect that renders the product unreasonably dangerous and that causes injury.

A claim for breach of warranty is generally governed by contract law. The vast majority of states have adopted Article 2 of the Uniform Commercial Code ("**UCC**"), which governs the sale of goods. Under Article 2 of the UCC, there are express warranties and implied warranties. An express warranty can be created by a representation by the seller, a description of the good which is made part of the basis of the bargain, or by showing a sample or model of a product to the buyer where the buyer reasonably assumed that the whole of the goods would conform to the sample. An implied warranty, on the other hand, covers those expectations common to all products (e.g., that the product is fit for its ordinary purpose) and is presumed to have been made by the seller unless it is clearly and unambiguously disclaimed in writing as part of the sales agreement.

In all jurisdictions, numerous defenses are available to the manufacturer in a product liability lawsuit. While the defenses, like the claims themselves, are dependent upon the facts, the common defenses include: product alteration, where the plaintiff or others have altered or modified the product after manufacture; product misuse/abuse, where the plaintiff was using the product outside the recommended or normal use; comparative negligence, where the plaintiff through their own actions was negligent and contributed to the cause of their injury; and assumption of risk, where the plaintiff knew the dangers of using the product in a certain way and knowingly assumed the risk of injury.

If a product liability claim is proven, the following types of damages, among others, may be recoverable by the plaintiff depending on the particular facts and the specific jurisdiction: (1) money damages for pain and suffering; (2) money damages for lost earnings or medical expenses; (3) long-term care expenses; (4) loss of financial support; (5) loss of consortium; (6) damage to property; and (7) punitive damages in the event the plaintiff can demonstrate reckless or intentional behavior on the part of the manufacturer. Punitive damages awards can be many times higher than the amount of compensatory damages and they are not awarded to compensate an injured party but rather to punish past and deter future misconduct. In some jurisdictions, plaintiffs may also be able to recover statutory damages and attorneys' fees if a state or U.S. federal statute permits such recovery. Usually, such statutes target specific goods or industries. The sources for these regulations are either state statutes or administrative regulations that place specific requirements on certain industries. Such requirements often take the form of labeling or licensing requirements and are usually enforced by public health or state safety agencies or by state attorneys-general. Civil and/or criminal penalties may be imposed for violations of the safety-driven consumer product regulations.

Federal Aviation Administration Regulations

As a designer, manufacturer, dealer, and servicer of aircraft, as well as a training provider, we are subject to compliance with Federal Aviation Administration ("**FAA**") regulatory requirements located in Title 14 of the Code of Federal Regulations, otherwise known as the Federal Aviation Regulations ("**FARs**"), and statutory requirements under the Federal Aviation Act (Title 49, Subtitle VII, Part A of the United States Code), as amended.

Design Approval, Production Approval, and Airworthiness Approval

The production of civil aircraft in the United States generally requires three types of safety approvals from the FAA: a design approval, a production approval, and an airworthiness approval, the requirements for which are set forth in the FARs. With these three approvals, the FAA regulates the safety of the aircraft design, the production system, and each individual aircraft.

A design approval typically takes the form of a type certificate that defines the approved design of the aircraft. The type certificate includes the type design, the operating limitations, the certificate data sheet, the applicable FARs requiring compliance, and any other conditions or limitations prescribed by the FAA. Issuance of a type certificate also generally requires compliance with environmental requirements pertaining to emissions, fuel venting, and noise. A design approval may also take the form of a supplemental type certificate, which is an FAA approval to modify an aircraft or other aeronautical product from its original design.

Type certificates and supplemental type certificates enable the holder to pursue production and airworthiness approvals from the FAA. Type certificates and supplemental type certificates are freely transferable via licensing agreements. The licensee of a type certificate or supplemental type certificate may also pursue production and airworthiness approvals associated with the aircraft or other aeronautical products for which they have licensed the design approval. After producing an aircraft, the holder of a type certificate or supplemental type certificate remains responsible for continued oversight and support of its product in the form of Instructions for Continued Airworthiness.

A production approval is an FAA authorization to produce a product or article under an FAA-approved type design and in accordance with an FAA-approved quality system. Any entity that holds a type certificate or supplemental type certificate, or has rights to the benefits of a type certificate or supplemental type certificate under a licensing agreement with the design approval holder, is eligible to apply to the FAA for a production certificate. The holder of a production certificate may obtain an airworthiness certificate for aircraft produced under the production

certificate without further showing to the FAA. A production certificate holder must comply with the production certification regulatory requirements contained in Part 21 of the FARs and the procedures contained in the holder's FAA-approved quality manual.

An airworthiness certificate is issued to an individual aircraft and signifies that the produced aircraft conforms to its approved design and is in a condition for safe operation. Generally, all civil aircraft operated in the U.S. National Airspace System must have a valid airworthiness certificate. An applicant for a standard airworthiness certificate for a new aircraft manufactured under a production certificate is entitled to receive a standard airworthiness certificate for the aircraft without further showing, although the FAA may elect to inspect the aircraft to determine conformity to the type design and condition for safe operation.

Repair Stations

An FAA-certified repair station may perform maintenance, preventive maintenance, or alterations in accordance with the FARs on any article for which the repair station is rated and within the limitations of the repair station's FAA-issued operations specifications. A certificated repair station must prepare and follow a repair station manual acceptable to the FAA. It must also establish and maintain a quality control system acceptable to the FAA that ensures the airworthiness of the articles on which the repair station or any of its contractors performs maintenance, preventive maintenance, or alterations.

Flight Training

The FARs authorize multiple formats for providing flight training. Among these, one format is under the authority of an FAA-certified flight instructor, which does not require the training program curriculum to be approved by the FAA. Another format for flight training is an FAA-certified training center, which is an organization that provides certain training, testing, and checking under contract or other arrangement. A training center must be operated according to FAA-issued training specifications that prescribe the center's training, checking, and testing authorizations and limitations, and specify training program requirements.

Organization Designation Authorization

The FAA's Organization Designation Authorization ("**ODA**") program grants designee authority to organizations or companies to conduct certain functions related to engineering, manufacturing, operations, airworthiness, or maintenance that would normally be conducted by the FAA. These ODA functions must be performed in accordance with the procedures contained in the

ODA's FAA-approved procedures manual and the requirements of Part 183, Subpart D of the FARs. The FAA may terminate or temporarily suspend an ODA for any reason, including, among others, if the FAA determines that the ODA holder failed to properly perform its duties.

Dealer's Aircraft Registration Certificate

Aircraft manufacturers and dealers may apply to the FAA for a Dealer's Aircraft Registration Certificate ("**DARC**"), which allows manufacturers and dealers to operate, demonstrate, and merchandise aircraft to prospective customers without the need to obtain an individual Certificate of Aircraft Registration for each aircraft produced or sold.

Airworthiness Directives

FAA airworthiness directives are legally enforceable rules that apply to aircraft, aircraft engines, propellers, and appliances. The FAA issues an airworthiness directive addressing a product when the FAA finds that an unsafe condition exists in the product and the condition is likely to exist or develop in other products of the same type design. Airworthiness directives specify inspections that must be carried out, conditions and limitations that must be complied with, and any actions that must be taken to resolve an unsafe condition. In some cases, an airworthiness directive incorporates by reference a manufacturer's service document. In these cases, the service document becomes part of the airworthiness directive.

Oversight and Enforcement

The FAA has authority to investigate possible violations of the FARs, and may reinspect at any time any civil aircraft, aircraft engine, propeller, appliance, design organization, production certificate holder, repair station, or training center. Among the FAA's enforcement authorities, the FAA has authority, where warranted, to issue orders amending, modifying, suspending, or revoking any part of a certificate issued under its authority; suspend or revoke a certificate of registration when an aircraft no longer meets registration requirements; suspend or revoke a DARC; impose civil penalties for violations of FAA requirements; and issue immediately effective orders in response to air safety emergencies.

Civil Aviation Accident Investigations

The National Transportation Safety Board ("**NTSB**") investigates and determines the probable cause of transportation accidents, and issues safety recommendations aimed at preventing future accidents. The NTSB is responsible for investigating each civil aviation accident that occurs in the United States, as well as accidents involving U.S.-registered civil aircraft that occur in international waters. NTSB investigations are fact-finding proceedings with no adverse parties, and

are not conducted for the purpose of determining the rights, liabilities, or blame of any person or entity. Once the final accident investigation report has been adopted, the final copy of the report will be prepared for public release. NTSB safety recommendations can be directed to regulatory agencies, manufacturers, state and local jurisdictions, companies, and other organizations involved in the specific transportation area.

Labor and Employment Laws

The employment of individuals in the United States is governed by federal, state and sometimes local laws. Labor and employment laws can generally be categorized under the headings of (i) equal employment opportunity (including anti-harassment and other forms of discrimination), (ii) wage and hour (including worker classification), (iii) medical/disability (including workers' compensation), (iv) union rights, and (v) workplace safety. Typically, national laws set the minimum legal standard for employee rights, and state and local laws, if adopted, enhance those rights. Most employees in the United States are hired "at-will," meaning that their employment can generally be terminated at any time, with or without notice, cause, or government-mandated severance pay. However, individual employment agreements between an employee and employer may vary this status, and even an at-will employee may not be terminated for an illegal reason (such as discrimination), nor may an employee be terminated or otherwise retaliated against for engaging in protected activity under the law. In addition, employers are required to maintain workplaces that are free of harassment based on protected characteristics such as sex, race, etc. Different jurisdictions (federal, state, and local) protect varying characteristics under their equal employment opportunity laws. Employers must also generally provide employees with overtime premium pay when they work over 40 hours a week, unless employees fall under specific exemptions under federal or state law; some states also provide for greater wage-and-hour protections.

Employees who believe they have suffered discrimination, harassment, or other alleged wrongs may pursue claims against us through state and U.S. federal governmental agencies and the courts. If we are found to violate applicable labor and employment laws, we may have to compensate affected employees and may face fines and penalties (monetary and otherwise), including attorneys' fees and costs.

Laws and Regulations concerning International Trade

The summary below addresses key U.S. legal and regulatory issues associated with international trade, and sanctions programs adopted by the United Nations, the European Union, and the United Kingdom. Our cross-border operations include the exportation of goods from the United States. As a result, our business requires compliance with export controls, U.S. economic and other sanctions programs, and anti-bribery laws and regulations.

U.S. Export Controls

The U.S. primarily regulates the export of items including goods, technology or technical data, software, and some services through two sets of regulations.[2] The International Traffic in Arms Regulations ("**ITAR**") implements section 48 of the Arms Export Control Act of 1976. The ITAR is administered and enforced by the U.S. State Department and regulates the export and temporary import of defense articles. A separate set of export controls that regulate almost all other exports from the U.S. is administered by the U.S. Department of Commerce under the Export Administration Regulations ("**EAR**"), which implements the Export Control Reform Act of 2018. Other agencies may impose requirements on exports above and beyond those of the ITAR and EAR, such as the Drug Enforcement Agency or the Nuclear Regulatory Commission.

Both the ITAR and EAR primarily regulate exports, reexports, certain transfers and retransfers and, in the case of ITAR, temporary imports. Although these terms all carry their own definitions, an "export" can be broadly understood to be the movement of an item, software, or technology outside of the U.S.

Exports subject to control under the ITAR and EAR can be made by the physical transfer of goods, or by visual, oral, or electronic transmission. Transfers of certain data or technology that take place within the borders of the United States can still be subject to export control laws if the transfer is to a non-U.S. person.

Generally, compliance with U.S. export controls requires an exporter to understand the export control jurisdiction and classification of the item (including software, technology, technical data, or service) it intends to export, the destination of the export, the end use of the items, the end user of the items. By understanding these aspects of the intended export, the exporter can determine whether the export requires government authorization or is permitted at all.

We entered into transactions during the Track Record Period with AG Zhejiang to develop a light-weight general aviation training aircraft and with AG Huanan for sales of aircraft kits and program services to be reassembled and resold to civil end users. AG Zhejiang and AG Huanan 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. See "Business — International Sanctions Relevant to Certain Business Activities And Affiliates — Business Activities with AG Huanan And AG Zhejiang" for details.

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[2] This overview covers the ITAR and EAR at a high level, but there are other agencies and regulations that can and do regulate certain exports such as the Department of Energy. Any export activity should be reviewed on a case-by-case basis to determine what legal requirements exist.

With respect to defense articles, manufacturers, exporters, or brokers of defense articles that are controlled under the ITAR, are subject to an additional registration requirement with the U.S. Department of State and annual renewals. Such manufacturers, exporters or brokers are required to register with the U.S. Department of State Directorate of Defense Trade Controls ("**DDTC**") and keep the registration current. When certain changes occur within the registered company, such as a change of control, a merger or acquisition, or a change in executive leadership, those changes must be reported to DDTC and the company's ITAR registration must be updated. At a minimum, ITAR registration must be renewed annually. The Group's business does not involve any defense articles or any other ITAR-related activities, and we have implemented an export management compliance policy which prohibits us and any of our employees from being involved with ITAR controlled products and technologies, and details when exceptions might be applicable and how to be handled if they should arise in the future.

To determine one's obligations under these regulations, one must know the ultimate end use and user of the item it will export. The EAR specifically prohibits exports of anything subject to the jurisdiction of the EAR[3] for certain prohibited end uses such as use in the development or production of weapons of mass destruction among other end uses. In addition to these broadly prohibited end uses, the EAR defines specific end use restrictions on certain types of items to certain destinations. For example, recent amendments have expanded the restrictions on exports for military end use or to military end users in Belarus, Myanmar (Burma), Cambodia, China, Russia, and Venezuela. The diligence necessary to determine whether a party is a military end user is a combination of confirming against BIS Lists and independent research and knowledge of the party. This is a developing set of controls and an enforcement focus, particularly with respect to Russian military end users and export for military end use in support of Russia.

Penalties for individuals and companies for non-compliance with U.S. export control laws can be both civil and criminal. Civil penalties can include substantial monetary fines, loss of export privileges, and government contract debarment. For knowing and willful violations, the government can enforce criminal penalties that include large fines and imprisonment.

[3] There are several ways an item (including software or technology) can be subject to the EAR and some of those extend to items manufactured outside of the U.S. As noted above, a careful analysis and understanding of the export control jurisdiction and classification of an item is crucial to understanding one's regulatory obligations.

Economic Sanctions

U.S.

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies. Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest; and no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements), except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine as well as the self-proclaimed Luhansk People's Republic and Donetsk People's Republic regions. OFAC also prohibits virtually all business dealings with persons and entities identified in the Specially Designated Nationals and Blocked Persons List (the "SDN List") . Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

In addition to the comprehensive sanctions programs, the U.S. maintains "list-based" sanctions programs against targeted regimes, entities and individuals that have been found to have taken actions contrary to the foreign policy or national security interests of the United States.

Specifically, Executive Order 14032 restricts the ability of U.S. persons to invest in specified companies involved in the defense (or related materiel) and surveillance technology sectors of the Chinese economy which have been designated as a Chinese Military-Industrial Complex company ("**CMIC**") to the Non-SDN Chinese Military-Industrial Complex Companies List (the "**NS-CMIC List**"). From the effective date for the designation of a CMIC, U.S. persons are prohibited 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 any person listed as a CMIC, unless authorized or licensed by the relevant U.S. authority. A CMIC designation and associated restrictions only apply to the entity designated and specifically named on the NS-CMIC List, and do not restrict U.S. persons from purchasing or selling the publicly traded securities of any affiliate of such named legal entity which is not identified on the NS-CMIC List, so long as such affiliate's publicly traded securities are neither derivative of nor designed to provide investment exposure to the publicly traded securities of the named CMIC.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

European Union, United Kingdom and United Kingdom oversea territories

Under European Union sanction measures, there is no 'blanket' ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons. As of January 1, 2021, sanctions applicable in the UK stem from sanctions adopted by the United Nations or autonomous sanctions regimes adopted by the UK. UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018, the Act is implemented through regulations setting out the specific measures

under each UK sanctions regime. UK sanctions measures have also been extended by the UK on a regime by regime basis to apply to and in the UK Overseas Territories (without requiring enactment of any further legislation by them), including the Cayman Islands as of January 1, 2021.

The Foreign Corrupt Practices Act and Other Anti-Bribery Laws

The U.S. federal Foreign Corrupt Practices Act ("**FCPA**") includes two key elements:

- *Anti-bribery provisions*. A person may not give or offer money, gifts, or anything of value to a foreign government official to obtain or retain business.

- *Accounting requirements*. Companies must maintain accurate books and records and adequate internal accounting controls to avoid disguising corrupt payments. The U.S. Department of Justice and Securities and Exchange Commission enforce the FCPA. This Note focuses on the FCPA's anti-bribery provisions.

The FCPA applies to two broad categories of persons: those with formal ties to the US and those who take action in furtherance of a violation while in the U.S. Recently, foreign companies in both categories have been the focus of an increasing number of enforcement actions.

In addition to the FCPA, U.S. state criminal laws generally prohibit bribery of government officials and private commercial actors.

Laws and Regulations concerning Foreign Investment in the United States

The CFIUS is a nine-member U.S. interagency committee that is chaired by the Secretary of the U.S. Department of the Treasury and is authorized to conduct a national security review of certain direct and indirect foreign investments in the United States and certain U.S. real estate transactions involving foreign persons. CFIUS operates pursuant to section 721 of the Defense Production Act of 1950, as amended (codified at 50 U.S.C. § 4565), and regulations at 31 C.F.R. Parts 800-802.

CFIUS has jurisdiction over "covered transactions," which include: (a) any transaction in which a foreign person could gain control of a U.S. business (a "**Covered Control Transaction**"); (b) certain transactions in which a foreign person acquires (i) a non-controlling interest in certain U.S. businesses involved with critical technologies, critical infrastructure, or sensitive personal data of U.S. citizens and (ii) certain investor rights in such U.S. businesses (a "Covered Investment"); (c) any transaction that results in a change in the investor rights of an existing foreign investor in a U.S. business, if the change could result in a Covered Control Transaction or

a Covered Investment; and (d) purchases or leases by, or concessions to, a foreign person of certain U.S. real estate that is in close proximity to certain U.S. ports or sensitive U.S. military installations.

"Covered transactions" that satisfy certain criteria trigger a legal obligation for the parties to submit a filing to CFIUS, and parties to "covered transactions" also may voluntarily submit a filing to CFIUS. Separately, CFIUS may self-initiate a review of any transaction that it believes might be a "covered transaction" and might raise national security concerns. CFIUS may clear a "covered transaction" without imposing any conditions on the parties to the transaction, or if CFIUS finds that the transaction presents national security risks, it may impose conditions on the parties as a condition of its clearance. Finally, under certain conditions, the President of the United States may suspend or prohibit a "covered transaction" if it "threatens to impair the national security of the United States."

See "History, Reorganization and Corporate Structure — Our Corporate Development — Our Principal Subsidiaries — Cirrus Industries and Legacy Cirrus Industries" for the clearance from CFIUS that we obtained with respect to the 2011 Merger.

Tax Law

Federal Government

The U.S. federal government levies a variety of taxes on U.S. businesses, non-U.S. businesses engaging in certain activities in the United States, and business owners and their employees. Our business activities in the U.S. require us to pay U.S. federal income tax, taxes on the sale of certain assets, income tax on dividends, distributions, and interest, sales and other transfer taxes, employee payroll taxes, withholding obligations, and other taxes.

Federal and state tax laws are subject to change, which in some instances can apply to us retroactively. Changes to federal and state taxation adopted into law after the date of this Document could be material to our business.

State and Local Governments

In addition to the federal government, the 50 U.S. states and their political subdivisions play an important role in taxing and regulating business activity within their respective jurisdictions. For example, our business activities within a U.S. state may be subject to the state's business and personal income tax, payroll tax, sales tax, real and personal property tax, franchise tax, withholding obligations, and other taxes. In addition, some local governments, such as counties and cities, may impose their own similar taxes.

Registration and Regulation

There is no such thing as a "U.S. corporation." Instead, corporations in the United States are registered and organized in one of the 50 states. In addition to its legal formation in a particular state, a corporation that does business in more than one state may need to qualify or register to do business in other states if the corporation's activities establish "minimum contacts" for tax purposes in those states.

Individual state laws apply to business transactions occurring in each state, unless such laws conflict with, or are superseded by, U.S. federal law, which takes precedence over state and local law. For this reason, U.S. businesses frequently must comply with separate federal, state and local regulations.

Intellectual Property Law

The United States has both federal and state laws that govern intellectual property rights ("**IPRs**"). Some IPRs are governed exclusively by federal law, while others are governed by both federal and state laws.

Intellectual Property Rights Governed by Federal Law

The IPRs that are the exclusive domain of federal law are copyrights and patents.

Copyrights. A U.S. copyright is a set of exclusive rights owned by the creator of an original work that is fixed in tangible form. A copyright (i) covers expressions, not ideas; (ii) cannot be purely functional; and (iii) must be an original work. U.S. copyright law is governed by the Copyright Act of 1976, codified at 17 U.S.C. 101 et seq.

Patents. A U.S. patent is a government grant providing the patent owner with the right to exclude others from manufacturing, using, offering to sell, selling, or importing a claimed invention within the United States for a limited timeframe. A patent is obtained by filing an application with the U.S. Patent and Trademark Office ("**USPTO**") that satisfies the requirements of the Patent Act (codified at 35 U.S.C. § 1 et seq). Primarily, those requirements are that (i) the invention is novel, nonobvious and not subject to a statutory bar, (ii) the invention is useful and (iii) the inventor satisfies the Patent Act's disclosure requirements. The USPTO is an agency within the U.S. Department of Commerce that examines and grants U.S. patents.

A patent owner may bring a patent infringement claim against an alleged infringer in a U.S. Federal District Court or, if the case includes the importation of allegedly infringing products, before the U.S. International Trade Commission. In the event that a patent is found to be

enforceable and infringed, a patent owner may be entitled to remedies against an infringing party including preliminary and permanent injunctions, direct damages (including lost profits and/or royalties), and, in exceptional cases, treble damages and attorneys' fees.

Intellectual Property Rights Governed by both Federal and State Law

Trademarks and service marks. A "mark" is the use of one or more words, symbols, logos or other indicia to identify the mark owner's goods and/or services and distinguish them from others. A trademark is a mark used for goods; a service mark is a mark used in connection with providing services. U.S. trademarks and service marks must satisfy a number of legal requirements, including that it: (i) not be likely to cause confusion with a prior mark of another, (ii) not be generic, and (iii) not be merely descriptive of the goods or services in connection with which it is used. U.S. federal trademark law is governed by the Lanham Act, codified at 15 U.S.C. § 1051 et seq. The USPTO is responsible for examining trademark and service mark applications and either granting or rejecting applications to register marks. Marks that are approved for registration on the Principal Trademark Register by the USPTO are published for opposition. Once granted, a trademark or service mark provides its owner with presumptions of ownership and an exclusive right to use the mark in connection with the goods and services covered therein.

State law is an alternative basis for trademark and service mark rights, either under specific state laws or under common law. States generally provide common law rights in trademarks and service marks upon their first use in commerce, without requiring registration. Some states have registries for trademarks and service marks. The rights inherent in such marks are limited to the state where they are used.

The owner of a trademark generally has a cause of action for trademark infringement and/or unfair competition against a defendant who uses a mark that is likely to cause confusion, or to cause mistake, or to deceive in the relevant marketplace about the source of goods or services, or as to the affiliation, connection or association of such defendant and the owner. A plaintiff may be entitled to preliminary and permanent injunctions (including destruction of infringing articles), actual monetary damages, accounting of the defendant's profits, and in some cases, attorneys' fees.

Trade secrets. A trade secret is information that (i) has independent economic value from being generally unknown by the public and (ii) is the subject of reasonable efforts under the circumstances to maintain its secrecy. It is a form of intellectual property that refers to confidential, proprietary information used by a company that provides a competitive advantage. This can include a wide range of valuable business-related information, such as formulas, processes, techniques, designs, customer lists, marketing strategies, or other non-public information. Trade secrets are governed by both federal and state law. The Defend Trade Secrets Act, codified at 18 U.S.C. § 1836, et seq. ("**DTSA**"), is the federal trade secret law. Enacted

recently in 2016, the DTSA applies only to trade secrets used in interstate or foreign commerce. The DTSA provides specific remedies for trade secret misappropriation, including ex parte seizure in specific and generally rare instances. The DTSA is similar to the Uniform Trade Secret Act ("**UTSA**"), a model set of laws enacted by almost all fifty states within the U.S. A trade secret owner may often have a choice in enforcing its trade secret rights under the DTSA or a relevant state's version of the UTSA.

Trade secrets are protected by various international agreements and national laws. The most prominent international agreement is the Agreement on Trade-Related Aspects of Intellectual Property Rights ("**TRIPS**"), administered by the World Trade Organization ("**WTO**"). TRIPS establishes minimum standards for the availability, scope, and use of seven forms of intellectual property: copyrights, trademarks, geographical indications, industrial designs, patents, layout designs for integrated circuits, and undisclosed information (trade secrets). Another relevant international agreement is the Paris Convention, which is administered by the World Intellectual Property Organization ("**WIPO**"). Among other things, the Paris Convention provides protection against unfair competition. Additionally, individual countries have their own laws and regulations regarding trade secrets. These laws typically define what constitutes a trade secret, the conditions for protection, and the remedies available in case of misappropriation. Some jurisdictions also offer specific protections for trade secrets through specialized legislation, such as the Defend Trade Secrets Act in the United States. These agreements and national laws aim to provide creators and inventors with protection for their intellectual property rights, ensuring they can benefit financially from their innovations.

See "Business — Intellectual Property" for details of our intellectual property rights.

Antitrust Laws

Generally, a manufacturer or supplier may have liability under U.S. federal antitrust laws, primarily the Sherman Antitrust Act of 1890, as amended ("**Sherman Act**") and the Federal Trade Commission Act of 1914, as amended ("**FTC Act**") and regulations thereunder. The Sherman Act prohibits agreements that unreasonably restrain trade, as well as monopolization, attempted monopolization, and conspiracies to monopolize. Although a monopoly is not inherently illegal under U.S. federal antitrust laws and regulations, use of a monopoly to prevent competitors from entering or effectively participating in the market may violate antitrust laws. The FTC Act gives the U.S. Federal Trade Commission authority to bring claims against unfair competition.

Successful antitrust claims may carry significant penalties (in addition to litigation and defense costs), including without limitation treble damages and/or an injunction prohibiting the defendant from conducting business in a particular manner. Criminal sanctions may include monetary penalties, and individuals convicted of antitrust violations may be sentenced to serve up to ten years in prison in addition to a monetary penalty.

U.S.-Based Data Privacy Regulations

We are subject to federal and individual U.S. state laws and regulations that dictate whether, how, and under what circumstances we can collect, transfer, process, and/or retain certain data that is critical to our operations, as well as when we must notify individuals and governmental authorities if there is a breach of this data. Several federal laws are in place that regulate various types of data, including the Health Insurance Portability and Accountability Act of 1996, which governs the collection and use of certain health information (for example, with respect to our U.S. employees). There are also numerous state laws that are not uniformly adopted by other states, and new laws are being added more frequently than ever before. For example, California, Nevada and Virginia all have differing requirements when collecting personal information about consumers residing in these states, including website disclosures that must be made by the collector.

There have been a number of recent legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas related to consumer privacy. Various U.S. government agencies, including the Federal Trade Commission, have advocated for greater regulation of data privacy with respect to consumer information, including information collected over the internet, but uniform legislation has not yet been proposed.

Currently, the most comprehensive state data protection law in the United States is the California Consumer Privacy Act, as amended by the California Privacy Rights Act, ("**CCPA**"), which generally regulates the collection, use, and disclosure of personal information of consumers in California (the most populous U.S. state). The California Attorney General enforces the CCPA and may seek civil penalties of up to US$7,500 per intentional violation. The law also allows consumers, under certain circumstances, to bring suits in the event of a data breach. Businesses within the scope of the CCPA are subject to several requirements regarding disclosures, mandatory consumer rights, and contractual provision with vendors. In addition to the CCPA, nine other states have passed comprehensive state privacy legislation.

OVERVIEW

In 1979, our co-founders, Mr. Alan Lee Klapmeier and Mr. Dale Edward Klapmeier started developing the VK-30 homebuilt aircraft in Wisconsin, the United States. The Klapmeier brothers established Cirrus Design in 1987, following which the VK-30 aircraft celebrated its first flight in 1988. The headquarters of Cirrus Design was relocated to Duluth, Minnesota, the United States in 1994, and Legacy Cirrus Industries was incorporated in 1996. In June 2011, Legacy Cirrus Industries was acquired by CAIGA by way of merger. Upon completion of the merger in June 2011, Legacy Cirrus Industries became indirectly wholly-owned by CAIGA.

In preparation of our **[REDACTED]**, we underwent the Reorganization and our Company was incorporated in the Cayman Islands as an exempted company with limited liability in December 2019. Our Company is an investment holding company and our Group carries out our operations mainly through our wholly-owned subsidiaries.

Since our inception in 1984, we have grown to become a pioneer and a global market leader in the personal aviation industry, according to Frost & Sullivan. Our two aircraft product lines are the SR2X Series (SR20, SR22 and SR22T models) and the Vision Jet.

OUR BUSINESS MILESTONES

The following sets out our major business development milestones since our inception and up to the Latest Practicable Date:

Year	Business Milestones
1987	• Cirrus Design was incorporated which is now one of our principal subsidiaries
1998	• We received the FAA type certification of the SR20 model in October
	• We became the first aircraft company to incorporate the FAA-certified CAPS
1999	• SR20 aircraft was first delivered to customer
2000	• We received the FAA production certification of the SR20 model
	• We received the FAA type certification and the FAA production certificate of the SR22 model in December
2001	• The first customer delivery of the SR22 model
2004	• We introduced the second generation airframe of the SR2X Series

Year	Business Milestones
2006	• The first customer delivery of the SR22TN model
2007	• We introduced the third generation airframe of the SR2X Series
2008	• We introduced the Cirrus Perspective+™ by Garmin platform
2009	• We received FAA certification for our Flight Into Known Ice (FIKI) system
2010	• We received the FAA type certification and the FAA production certification of the SR22T model in February
2011	• Legacy Cirrus Industries was acquired by CAIGA
2013	• We introduced the fifth generation airframe of the SR2X Series
2016	• We received the FAA type certification of the Vision Jet model in October
	• The first customer delivery of the Vision Jet model
2017	• We received the FAA production certification of the Vision Jet model
	• We launched the Cirrus Embark training program
	• We introduced the sixth generation airframe of the SR2X Series
	• The Vision Center in Knoxville, Tennessee was opened to provide aircraft delivery, SR2X Series and Vision Jet flight training, service, support, design and all customer experience services globally
2018	• We launched Cirrus Services
	• We launched the Vision Jet full-motion flight simulator in support of the Vision Jet Type Rating training program
2019	• We introduced the second generation airframe of the Vision Jet model
2023	• Our SR2X Series aircraft achieved 9,000th delivery
	• Our Vision Jet achieved its 500th delivery
2024	• We introduced the seventh generation airframe of the SR2X Series

OUR CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 13, 2019. Upon its incorporation, one ordinary Share of par value of US$1.00 per Share was allotted and issued to the initial subscriber, an independent third party, on December 13, 2019, which was then transferred to CAIGA Hong Kong, a direct wholly-owned subsidiary of CAIGA, on the same date. On January 15, 2020, an additional 155,481,658 ordinary Shares were issued to CAIGA Hong Kong. For details, see "— Reorganization — 2. Acquisition of CAIGA Co., Ltd. through Share Swap."

Our Company has been wholly-owned by CAIGA Hong Kong since the date of its incorporation.

Our Principal Subsidiaries

Set out below are the major corporate history and shareholding changes of our principal subsidiaries:

Cirrus Industries and Legacy Cirrus Industries

Legacy Cirrus Industries was incorporated in Delaware, the United States, as a corporation on February 13, 1996. Upon the inception of Legacy Cirrus Industries, it was owned by the Klapmeier family as to approximately 28.49%, with the remaining shareholding held by 20 other stockholders who were initial investors of the Group, each, to the best knowledge of the Company, an independent third party save for their then equity interest in Legacy Cirrus Industries. Over the years, with additional fundraising and the grant of share incentives to employees, the shareholding structure of Legacy Cirrus Industries had become more dispersed. As of August 2001, it was owned by the Klapmeier family as to approximately 39.53%, with the remaining shareholding held by 402 other stockholders including employees and, to the best knowledge of the Company, other independent third parties (save for their then equity interest in Legacy Cirrus Industries) including funds, investment companies and other individuals.

In August 2001, Cirrus Holding Company Limited ("**Arcapita Holdco**," an independent third party established by Arcapita, an asset management firm headquartered in Bahrain) acquired majority stake in Legacy Cirrus Industries by capital injection. As of February 2011 and immediately before the 2011 Merger (as defined below), Legacy Cirrus Industries was owned by Arcapita Holdco as to approximately 58.80%, by the Klapmeier family as to approximately 13.98%, with the remaining shareholding held by 499 other stockholders including employees and, to the best knowledge of the Company, other independent third parties including funds and investment companies.

To the best knowledge of the Company, following the global financial crisis in 2008, Arcapita was seeking to exit its investment in the Group. Considering the Group's long-term development potential in light of its product offering, reputation in the personal aviation industry and management team's expertise, CAIGA decided to acquire the Group by way of a merger with Legacy Cirrus Industries. CAIGA is a limited liability company incorporated in the PRC and is principally engaged in the research and development, operation and service of general aviation, designing and manufacturing of aviation parts and accessories. For further details on the background of CAIGA, see the section headed "Relationship with Our Controlling Shareholders — Background of Our Controlling Shareholders." Pursuant to an agreement and plan of merger dated February 3, 2011 (the "Merger Agreement"), CAIGA MS Co., Ltd., a direct wholly-owned subsidiary of CAIGA (US) Co., Ltd. (a company directly wholly-owned by CAIGA Co., Ltd., which was wholly-owned by CAIGA prior to the Reorganization), merged with and into Legacy Cirrus Industries (the "2011 Merger").

The aggregate consideration for the 2011 Merger pursuant to the Merger Agreement was calculated by the valuation of the Group (i.e., US$210 million), as adjusted and deducted by the net debt and certain deductibles of the Group (i.e., approximately US$150 million), as well as the transaction expenses of the 2011 Merger. The valuation of the Group was determined based on advice provided by independent financial advisors to the 2011 Merger. Pursuant to the Merger Agreement, on or before the effective date of the 2011 Merger, CAIGA (US) Co., Ltd. shall deposit the consideration payable to the then stockholders of Legacy Cirrus Industries in cash with a paying agent who shall make payments to the then stockholders. The certificate of merger in respect of the 2011 Merger was filed with the Secretary of State of the State of Delaware on June 24, 2011, and the 2011 Merger became effective on the same day. The 2011 Merger has been properly and legally completed and settled with all applicable approvals obtained. Based on (i) certain confirmations provided by Cirrus Industries and CAIGA and (ii) Hogan's review of (A) the clearance letter issued by the CFIUS in connection with the 2011 Merger and (B) the national security agreement entered into among Legacy Cirrus Industries, CAIGA and the U.S. Department of Defense (on behalf of CFIUS) as a condition of CFIUS' clearance of the 2011 Merger (the "NSA"), Hogan confirms that CFIUS cleared the 2011 Merger and that Cirrus Industries, Legacy Cirrus Industries and CAIGA have complied with the terms of the NSA. Upon the completion of the 2011 Merger and as of the Latest Practicable Date, CAIGA was held by AVIC as to 70%, by Guangdong Utrust Investment Holding Co., Ltd.* (廣東粵財投資控股有限公司, "Guangdong Utrust") as to 14%, by Guangdong Hengjian Investment Holding Co., Ltd.* (廣東恆健投資控股有限公司, "Guangdong Hengjian") as to 10% and by Zhuhai Gree Aviation Investment Co., Ltd.* (珠海格力航空投資有限公司, "Gree Aviation Investment") as to 6%.

Subsequent to the 2011 Merger, Legacy Cirrus Industries had been directly wholly-owned by CAIGA (US) Co., Ltd. until the merger in December 2022 as further elaborated in "— Reorganization — 3. Merger of holding entities under the 2022 Merger" below (the "2022 Merger"), after which Cirrus Industries (the surviving corporation pursuant to the 2022 Merger among Legacy Cirrus Industries, CAIGA (US) Co., Ltd. and CAIGA Co., Ltd.) became wholly-owned by our Company. Subsequent to the 2011 Merger when the Group became indirectly

wholly-owned by CAIGA, each of Mr. Alan Lee Klapmeier and Mr. Dale Edward Klapmeier ceased to hold any interest in the Group. Mr. Alan Lee Klapmeier ceased to hold any executive position in the Group since 2009 to pursue other opportunities while Mr. Dale Edward Klapmeier ceased to hold any executive position in the Group following his retirement in 2019.

Cirrus Design

Cirrus Design was incorporated in Wisconsin, the United States, as a corporation on February 25, 1987, with Mr. Alan Lee Klapmeier, Mr. Dale Edward Klapmeier and Mr. Jeffrey K Viken, each an independent third party, as the initial shareholders. The principal business activity of Cirrus Design is designing, manufacturing and retail sale of aircraft and related operations. Cirrus Design is the principal operating company within our Group.

While the entire shareholding held by Mr. Jeffrey K Viken was repurchased by Cirrus Design in April 1990, Mr. Alan Lee Klapmeier and Mr. Dale Edward Klapmeier transferred the entire shareholding in Cirrus Design to Legacy Cirrus Industries in February 1996, after which Cirrus Design became wholly-owned by Legacy Cirrus Industries.

After the 2022 Merger, CAIGA Co., Ltd. (subsequently renamed as Cirrus Industries) became the shareholder of Cirrus Design.

As of the Latest Practicable Date, the authorized capitalization of Cirrus Design was 100,000 shares of common stock with par value of US$0.01 per share, and the issued and outstanding share capital of Cirrus Design was 82,500 shares of common stock with par value of US$0.01 per share, all of which was held by Cirrus Industries.

Dakota Aircraft

Dakota Aircraft was incorporated in North Dakota, the United States, as a corporation on July 28, 2014. The principal business activity of Dakota Aircraft is manufacturing of composite components of aircraft.

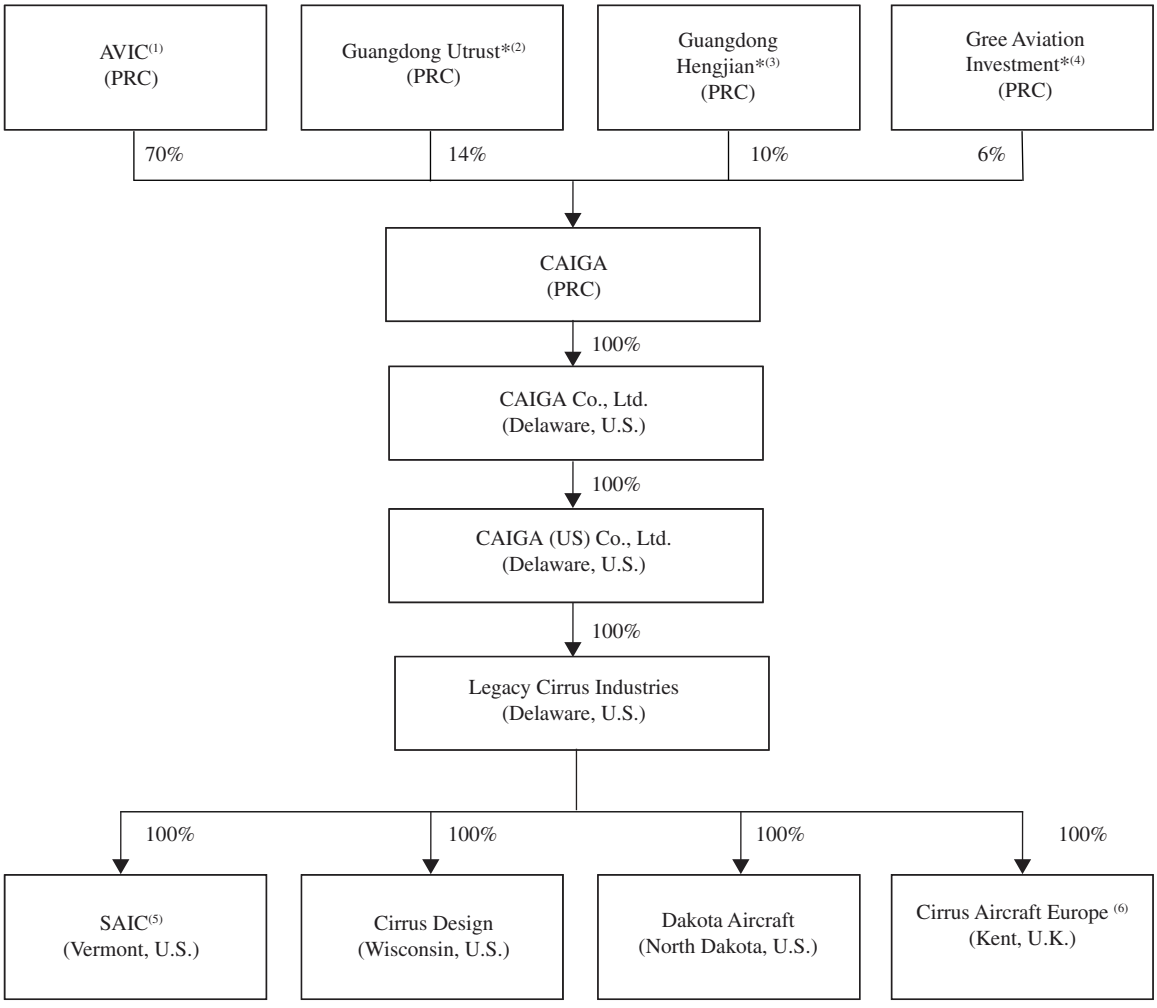
Dakota Aircraft had been held by Legacy Cirrus Industries since its incorporation until the 2022 Merger, after which CAIGA Co., Ltd. (subsequently renamed as Cirrus Industries) became the shareholder of Dakota Aircraft.

As of the Latest Practicable Date, the authorized capitalization of Dakota Aircraft was 10,000 shares of common stock with par value of US$0.01 per share, and the issued and outstanding share capital of Dakota Aircraft was 1,000 shares of common stock with par value of US$0.01 per share, all of which was held by Cirrus Industries.

REORGANIZATION

In preparation of our **[REDACTED]**, we underwent the Reorganization pursuant to which our Company became the holding company of our Group.

The following chart shows the shareholding and corporate structure of our Group before the Reorganization which commenced in December 2019:



Notes:

(1) AVIC is a limited liability company established in the PRC on November 6, 2008, and is wholly-owned by the SASAC.

(2) Guangdong Utrust is a limited liability company established in the PRC on May 14, 2001, which is owned as to approximately 92.13% by the People's Government of Guangdong Province (廣東省人民政府) and as to approximately 7.87% by the Department of Finance of the People's Government of Guangdong Province (廣東省人民政府財政廳).

(3) Guangdong Hengjian is a limited liability company established in the PRC on March 16, 2006, which is wholly-owned by the SASAC of the People's Government of Guangdong Province (廣東省人民政府國有資產監督管理委員會).

(4) Gree Aviation Investment is a limited liability company established in the PRC on July 6, 2009, which is wholly-owned by Zhuhai Gree Group Co., Ltd.* (珠海格力集團有限公司). Zhuhai Gree Group Co., Ltd. * (珠海格力集團有限公司) is a limited liability company established in the PRC on December 15, 1990, which is wholly-owned as to 90% by the SASAC of the People's Government of Zhuhai (珠海市人民政府國有資產監督管理委員會) and as to 10% by the Department of Finance of the People's Government of Guangdong Province.

(5) SAIC was incorporated in Vermont, the United States, as a corporation on June 22, 2005. SAIC is acting as our captive insurance subsidiary. See "Business — Insurance."

(6) Cirrus Aircraft Europe was incorporated in Kent, the United Kingdom, as a private company limited by shares on August 12, 2015. The principal business activity of Cirrus Aircraft Europe is the solicitation of sales of aircraft.

The Reorganization involved the following steps:

1. Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on December 13, 2019 with an authorized share capital of US$50,000 divided into 50,000 Shares with par value of US$1.00 per Share. Upon its incorporation, one ordinary Share of par value of US$1.00 per Share was allotted and issued to the initial subscriber, an independent third party, on December 13, 2019, which was then transferred to CAIGA Hong Kong, a direct wholly-owned subsidiary of CAIGA, on the same date.

2. Acquisition of CAIGA Co., Ltd. through share swap

CAIGA Co., Ltd. was incorporated in Delaware, the United States as a corporation on January 19, 2011 and was wholly-owned by CAIGA immediately prior to the Reorganization.

Pursuant to the share purchase agreement dated January 15, 2020 entered into between CAIGA, CAIGA Hong Kong and our Company, CAIGA agreed to sell, transfer and assign its right, title and interest in and to the 100% of the issued and outstanding share capital of CAIGA Co., Ltd. to our Company at a consideration of US$155,481,658. The consideration for the acquisition of CAIGA Co., Ltd., which was a simplification of corporate structure as part of the Reorganization, was determined with reference to the audited consolidated net asset value of CAIGA Co., Ltd. as of December 31, 2018 and has been satisfied by the allotment and issuance of 155,481,658 new ordinary Shares by our Company to CAIGA Hong Kong on January 15, 2020, and our Company's authorized share capital was increased from US$50,000, divided into 50,000 Shares with par value of US$1.00 per Share, to US$250,000,000, divided into 250,000,000 Shares with par value of US$1.00 per Share.

Upon the completion of such transfer, CAIGA Co., Ltd. was wholly-owned by our Company.

3. Merger of holding entities under the 2022 Merger

In December 2022, Legacy Cirrus Industries was merged with and into CAIGA (US) Co., Ltd. and CAIGA (US) Co., Ltd. was merged with and into CAIGA Co., Ltd. under Delaware law. As a result, CAIGA Co., Ltd. acquired all the assets and properties of CAIGA (US) Co., Ltd. and Legacy Cirrus Industries, respectively, and assumed all of the liabilities and obligations therein. CAIGA Co., Ltd. was renamed as "Cirrus Industries, Inc." The surviving corporation pursuant to the 2022 Merger was Cirrus Industries. For the shareholding and corporate structure of our Group after the Reorganization, see "— Corporate Structure Immediately Prior to the **[REDACTED]**."

Faegre has confirmed that the relevant approvals and permits from relevant authorities in the U.S. with respect to the Reorganization have been obtained, and the procedures involved are in accordance with applicable U.S. laws, rules and regulations. As advised by Jia Yuan, the relevant approvals and permits from relevant authorities in the PRC with respect to the Reorganization have been obtained, and the procedures involved are in accordance with applicable PRC laws and regulations.

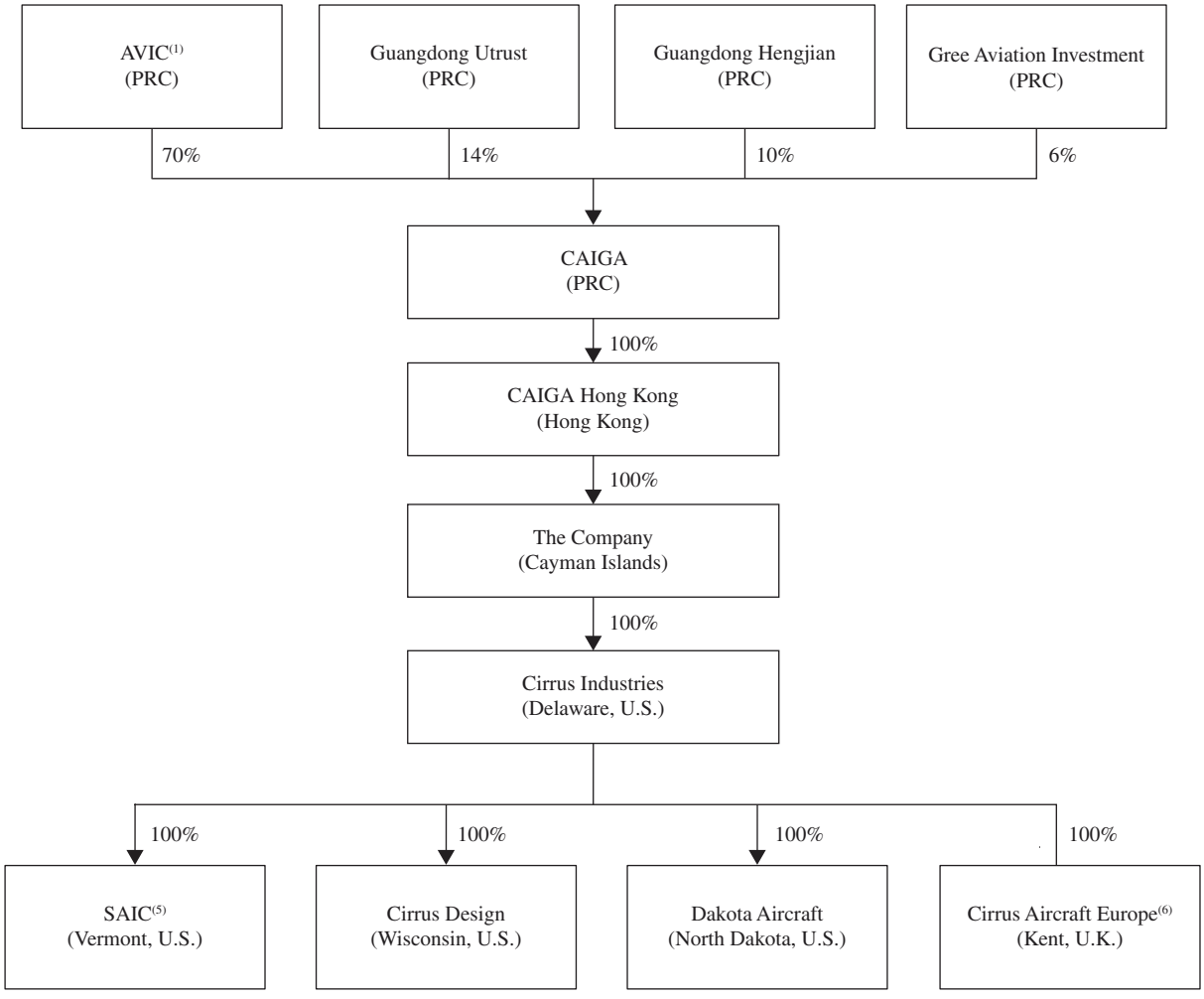
SHARE SUBDIVISION

Pursuant to the written resolutions of our Shareholder passed on [•], each Share with par value US$1.00 in the then issued and unissued share capital of our Company was subdivided into [two] Shares with par value of US$[0.50] each upon the **[REDACTED]** becoming unconditional. Following the Share Subdivision, our authorized share capital consists of US$[250,000,000] divided into [500,000,000] Shares with a par value of US$[0.50] each.

[REDACTED]

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart shows the shareholding and corporate structure of our Group after the Reorganization and immediately before completion of the Share Subdivision and the **[REDACTED]**:

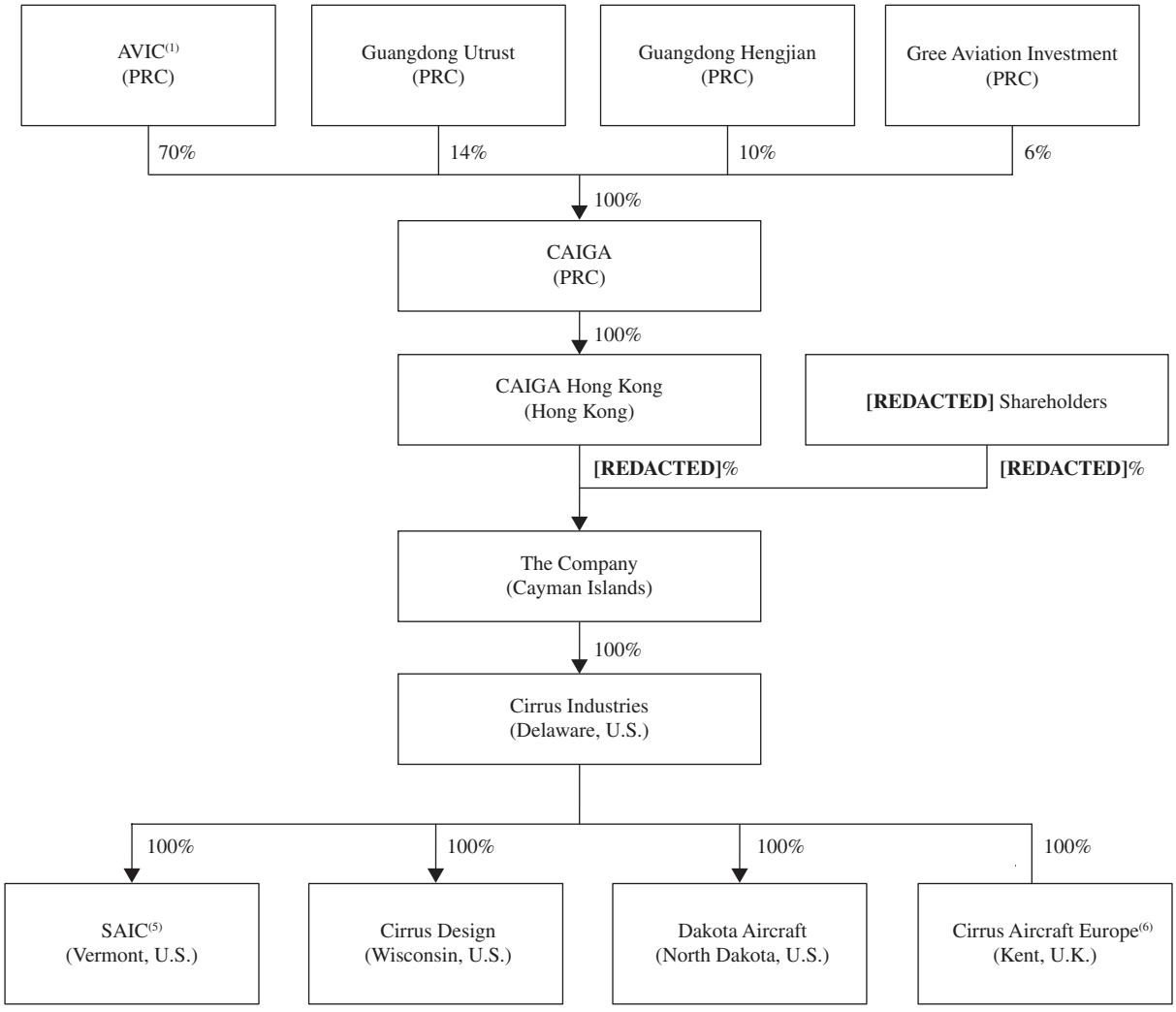


Note:

(1) See "— Reorganization" in this section for notes (5) to (6).

CORPORATE STRUCTURE IMMEDIATELY AFTER THE [REDACTED]

The following chart shows the shareholding and corporate structure of our Group upon completion of the Share Subdivision and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):



Note:

(1) See "— Reorganization" in this section for notes (5) to (6).

Overview

We are a pioneer and a global market leader in the personal aviation industry, according to Frost & Sullivan. We design, develop, manufacture, and sell premium aircraft recognized across the industry, which incorporate innovations in safety, technology, connectivity, performance, and comfort. 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 GAMA. 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 jet under US$7.0 million for the last six consecutive years, according to GAMA. We aim to cultivate a distinctive "The Cirrus Life" experience for our customers to make owning and operating an aircraft more convenient to access and productive for everyone through our products and the wide-ranging services associated with them, which includes maintenance, upgrades, training, and Cirrus-branded social events.





Our Aircraft and Their Key Features

Since our inception in 1984 in Wisconsin, United States, we have relentlessly developed and upgraded our products to deliver a comfortable, convenient, and premium aviation experience that is the "pinnacle of innovation, quality, and safety." As of the Latest Practicable Date, we have delivered over 9,500 SR2X Series aircraft and over 500 Vision Jet aircraft since inception.

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.

				
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	1,811	4,500	3,262[3]	522
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 hallmarks of our innovation process are rooted in our design philosophy. This 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.

Safety. Continuous improvement of safety has been our core priority since the founding of our Company. Our co-founder, Alan Klapmeier, experienced a mid-air collision in the 1980s and since that time, along with his bother Dale, advanced a passion for bringing both active and passive safety systems to personal aviation. We seek to address each primary causal factor for incidents and accidents with various innovative features and systems. We are well-known for equipping each aircraft with a patented 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, has 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.

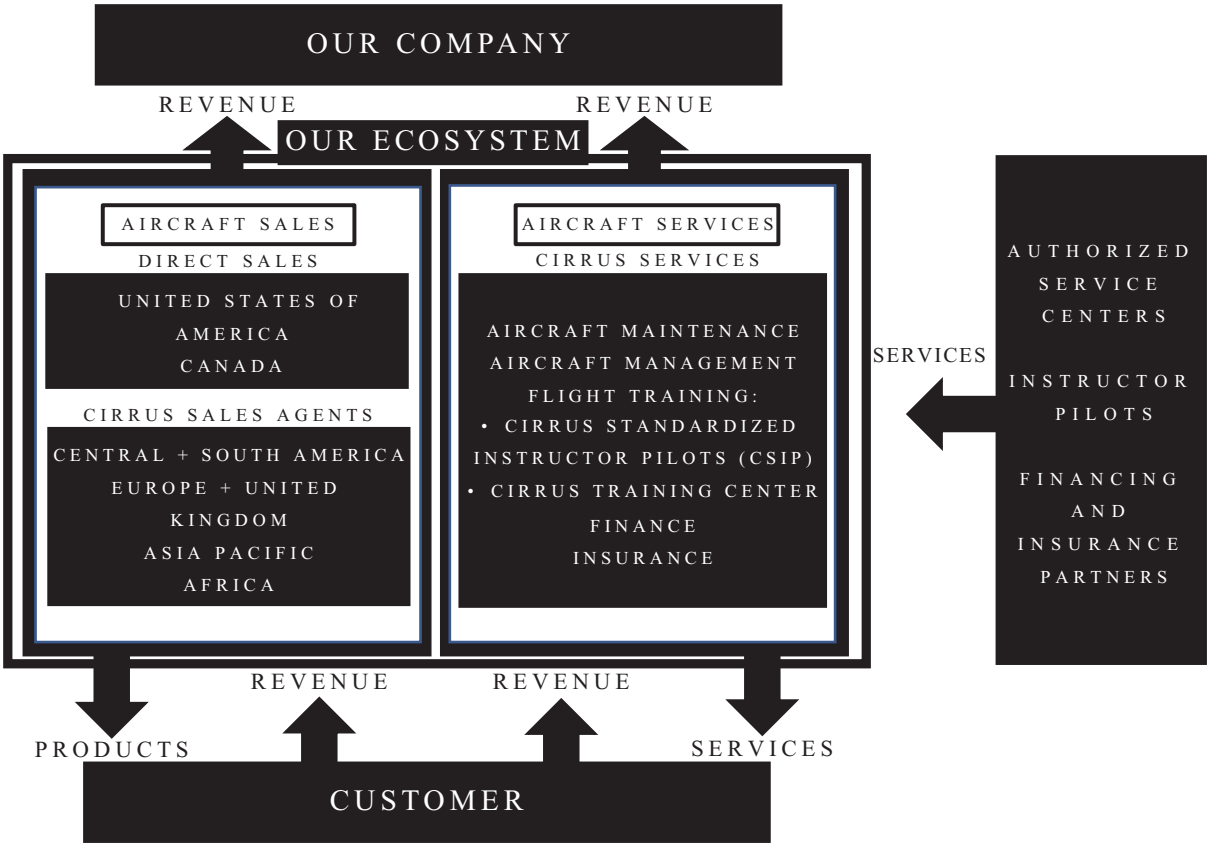
Advanced Technology & Architecture and Connectivity. We are a recognized industry leader in aircraft innovation. We not only leverage advanced technologies and systems architecture, but also have proven capabilities for seamless and smart integration of technologies into our aircraft. Many of these technologies are linked to safety systems as described above, but more importantly we bring these technologies and other features together to deliver what we view as exceptional reliability and performance.

The introduction of technology supporting a connected environment has opened new opportunities for improved safety, reliability, and ease of ownership. Our patented Cirrus IQ system allows owners and operators to remotely wake their aircraft to monitor systems status such as fuel quantity and battery condition, and also connects the customer and the aircraft to us for data diagnostics to improve reliability and the overall experience. We intend to continue enhancing our aircraft with more advanced connected aircraft technologies supporting in-flight data communications and services. We expect connected capability in addition to an intelligent aircraft architecture and continued automation to eventually support significantly simplified vehicle operations with the potential to dramatically reduce traditional barriers to the easy access and consumption of personal aviation. Increased automation will progressively reduce training requirements and further increase safety.

Ease of Use, Comfort, and Performance. The pilot-vehicle-interface and passenger-interface are also a primary design focus for us. Whether piloting the aircraft or experiencing the cabin as a passenger, the intuitive ease of use, comfort, and ergonomic design of the aircraft space shape the experience. During the design and development process, we thoughtfully consider each element of human interaction — from how the side-yoke in the SR2X Series and side-stick in the Vision Jet and door handles feel in the hand, to simplification of the systems interfaces, to the operational ergonomics. Examples in the SR2X Series include the elimination of the propeller control handle, the position of the flight management system interface, and a mixture leaning indicator making fuel-air mixture adjustments easy. The Vision Jet was also designed with ease of use in mind and equipped with the custom developed touch-screen flight management system displays, automatic pressurization control system, and the vertical navigation system integrated with an advanced auto-throttle system for easy climbs, descents, and routing speed control. From a performance perspective, we continue to improve the capabilities of each of our product lines including engine power improvements, gross weight increases, and processing power in our flight decks. These features and benefits not only make our products easy to fly and interact with, but they are also integral to the safety system.

Our Commercialization Model Enabled by our Connected Ecosystem

Our commercialization model is enabled by our connected ecosystem, which encompasses maintenance services, upgrades, training services, and Cirrus-branded social events. Through our products, innovative products and design team, and wide-ranging services provided through our ecosystem, we seek to cultivate a distinctive "The Cirrus Life" experience for our customers.



Direct-to-Customer Commercialization and Sales Model. 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, delivery, and resale, 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 our 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.

Wide-ranging Consumer Support Capabilities Through Cirrus Services. 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 and continues to grow.

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. The wide-ranging customer support capabilities are further enhanced by convenient maintenance and repair services provided through our own four factory service centers in Minnesota, Tennessee, Florida, and Texas and a global partner network of 242 authorized service centers located in 33 countries, as of December 31, 2023.

We also provide a wide range of personalized flight training programs to our existing and new customers. The SR2X Series requires a private pilot's license to operate, and the Vision Jet requires both a private pilot's license and a Type Rating. These flight training certifications, along with many other certifications, are offered through our Cirrus Services global training network. We have factory training facilities in Tennessee, Arizona, Texas and Florida, as well as more than 100 authorized training facilities throughout the world.

Our Cirrus Services full customer support capability and network, together with additional ancillary services such as our Cirrus Finance™ and Cirrus Insurance™ programs, form an aircraft ownership ecosystem. This ecosystem is fully connected via digital and online systems and applications, such as Cirrus IQ, as well as authorized brand assets, tools and identification to provide wide-ranging, multi-faceted ownership and operating solutions for Cirrus owners and operators.

Our Production and Supply Chain Capability

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. We leverage the right materials and process for the application — fiberglass composites for the SR2X Series and high-strength, light-weight oven and autoclave cured carbon composites for the Vision Jet. 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 both produce our own composite molds in-house and leverage several strategic partners for large parts and complex bonding operations.

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. Additionally, integration of our production process gives us the flexibility to quickly implement incremental design modifications to enhance aircraft performance and simplify the manufacturing process.

To optimize production efficiency and facilitate integration across system applications, we have introduced the proprietary Cirrus Operating System to establish and standardize operational methods, integrate our business processes, and promote the flexibility to produce the parts and finished products of multiple models simultaneously on the same production line in the future. 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.

We view the supply chain as a strategically critical area. Due to the limited volumes, high switching costs, and challenges in developing multiple supplier relationships, we depend on relationship development, market analysis, and long-term agreements to maintain a healthy supply base. We also engage with key suppliers on strategic product development to advance critical technologies and continuous improvement in reliability and quality. We are executing on a strategic sourcing plan that segments areas that are commodities for consistent market competition, segments to partner with such as Garmin, and segments to vertically integrate. We compliment this strategy with inventory control methods such as vendor managed inventory and just-in-time delivery of goods and materials.

Our Financial Performance

By leveraging our market leadership and continuous product innovation, we have achieved a strong 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 1,383 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 265 reservations. See "— Sales and Marketing — Aircraft Orders and Delivery" for more information.

Our Competitive 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

We are a pioneer and an established global market leader in the personal aviation industry, according to Frost & Sullivan. Our SR2X Series has been the best-selling single-engine piston aircraft for 22 consecutive years with 612 deliveries in 2023, according to GAMA. First delivered in 2016, our Vision Jet represents the next evolution of our aircraft and has been the best-selling jet under US$7.0 million for the past six consecutive years, according to GAMA.

Our premium brand is also widely acknowledged in the aviation industry for our safety innovations. In 2016, we won the Joseph T. Nall Safety Award for our Cirrus Approach training program and in recognition of our continued efforts to improve safety standards across all facets of aviation. In 2017, we won the prestigious Robert J. Collier Trophy for our Vision Jet aircraft. The award is given annually by the US National Aeronautic Association for the greatest achievement in aeronautics or astronautics with respect to improving the performance, efficiency, and safety of air or space vehicles.

Complementary product portfolio with compelling market positioning that appeals to a diversified customer base

We offer a complementary product portfolio that covers multiple entry points to personal aviation, enabling us to target a wide range of potential customers and cover the lifetime of a customer's personal aviation experience. Our SR2X Series aircraft have a base selling price ranging from US$626,900 to US$963,900 and provide a product "ladder" with increasing levels of performance and specifications that satisfy various customer demands at different price points, often resulting in multiple purchases from the same customer as they move up our product ladder.

The Vision Jet introduces the next step into a more premium segment of the personal aviation market and offers significantly enhanced performance, mission capabilities and specifications. Our Vision Jet aircraft targets and challenges the light turbine aircraft market, offered at half the price compared to other aircraft with similar performance with costs between US$4.5 million to US$7.0 million, according to Frost & Sullivan.

We believe our market leading products are well positioned to address the diverse needs of the personal aviation market. During the Track Record Period, approximately 200, or 75%, of our Vision Jet deliveries were made to owners who had already owned a Cirrus aircraft.

Direct-to-Customer model enabled by connected ecosystem

Our direct-to-customer model is enabled by our ecosystem. From tailored flight demonstrations to purchase and delivery of the aircraft and beyond, our sales director and delivery experience advisors develop a closer connection with our customers, reducing brand dilution, and in turn promoting purchases of post-sales products and related services.

We strive to make owning and operating an aircraft, convenient to access and enjoyable through a wide-ranging global ownership ecosystem that connects owners and operators of our aircraft with a wide range of services. Through Cirrus Services and other ancillary products and services, not only are we able to generate a steady stream of recurring revenue, but we have also created a safer and more engaged Cirrus flying community. In 2021, 2022 and 2023, the revenue

generated from Cirrus Services and Other, which includes ancillary products and services, was US$118.5 million, US$134.3 million and US$152.1 million, respectively, representing a CAGR of 13.3% from 2021 to 2023.

Our ecosystem is further enhanced by our digital connectivity capabilities. Our full-package of services is convenient to access through Cirrus IQ, a connected digital platform and mobile application with which our recently delivered aircraft are equipped. While providing real-time access to information about an aircraft to the owner, we can also use the data collected by Cirrus IQ throughout our organization to improve decision making and efficiency in multiple functional areas, enhancing our ability to deliver services effectively within our ecosystem.

Customer centric designs and features supported by advanced proprietary technology

We have accumulated extensive experience in building certified aircraft with market-leading innovations that are quintessential components of our products and brand. We possess the in-house expertise needed to develop, certify and manufacture an aircraft from scratch, while working with world-class suppliers to incorporate cutting-edge technologies and designs. The combination of both has given us the ability to cater to a wide range of needs of our customers, while consistently delivering products that meet the high standards in the personal aviation industry.

Since our inception, we have continuously enhanced the safety, technology, connectivity, performance, and comfort of our aircraft by integrating various technologies and innovative designs that differentiate us. For example, responding to evolving customer needs and industry trends, in iterative generations of the SR2X Series aircraft, we have introduced Cirrus IQ, electronic locking of luggage door and additional aerodynamic features. Similarly, in iterative generations of the Vision Jet aircraft, we have also upgraded the avionics system to Cirrus Perspective Touch+ improving the ease of operation, and have added more thrust in hot and high conditions, along with the Safe Return and Wi-Fi features. We believe this product strategy increases the appeal of our products and enhances customer stickiness.

Distinctive development and commercialization capabilities fortify industry position

Our entrenched market leading position is fortified by our experience in development, engineering, material expertise, supply chain and systems integrations — all required for obtaining FAA and other required certifications for our aircraft — as well as our production systems and procedures, our scale and volume of operations, including our manufacturing facilities and service network, our extensive supply chain network, and our strong direct sales network. All these capabilities collectively constitute our moat and have allowed us to benefit from operational efficiencies and synergies that create very substantial barriers to entry to potential new entrants.

For more than 30 years, we have been building a deep competitive moat and strong foundations for long-term success in the personal aviation industry — a loyal base of customers who are well-served and eager for the latest personal aviation products, services, experiences and technologies. Our focus on technology, product, and service development and personalized customer experiences is a significant competitive differentiator that continuously reinforces loyalty to our Cirrus brand, drives repeat sales, attracts customers and creates new customer business. We believe we have created and established a successful modern personal aviation ecosystem serving a broad spectrum of customers that no other aircraft OEM has been able to replicate. With over 10,000 aircraft deliveries worldwide as of the Latest Practicable Date, we believe we are well-positioned to continue to capture the growth in the personal aviation industry.

According to Frost & Sullivan, the certification of a new aircraft type can take between five to nine years, while amended type certificates typically take three to five years to be obtained. We have accumulated extensive experience in building and obtaining FAA-certification for award-winning personal piston and turbine aircraft. In addition, our notable productivity is achieved through over 2,400 employees, using parts produced ourselves and sourced from an extensive network of suppliers. For the years ended December 31, 2021, 2022 and 2023, we delivered 528, 629 and 708 aircraft, respectively, significantly higher than the average annual deliveries of our peers, according to GAMA.

Our high marketing and post-sales service efficiency is achieved through our direct-to-customer team in the United States as well as our CSA Model operating outside the United States, four factory service centers and a global partner network of 242 authorized service centers located in 33 countries as of December 31, 2023. This established network enhances success in bringing new products and services to market and providing aircraft maintenance to our aircraft owners and operators around the world.

Experienced senior management team with proven track record

We are led by an experienced and dedicated management team with not only extensive experience in the aviation and automobile industries but also leadership positions at public multinational companies. The leadership team has an average of more than 20 years of experience at industry-leading companies such as Tesla, Bang & Olufsen, James Hardie, Navistar, Cub Crafters, Delta Air Lines, Textron, and Garmin. See "Directors and Senior Management" for their biographies. In addition, several of our management members are active pilots themselves.

Our senior management is led by our Chief Executive Officer, Zean Nielsen, President of Customer Experience, Todd Simmons, President of Innovations and Operations, Patrick Waddick, and Chief Financial Officer and Executive Vice President, George Letten. The senior management team brings a skilled mix of strategic planning, tactical and rapid execution, efficient capital

allocation, effective marketing, and innovative product design capabilities to our Company. As testament to the success of our management's vision of delivering a holistic personal aviation experience, we have experienced significant growth since 2019, when Mr. Nielsen was appointed our Chief Executive Officer. In particular, during the Track Record Period, our profit for the year increased from US$72.4 million in 2021 to US$91.1 million in 2023, representing an increase of 25.9%.

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

With our ecosystem and established customer base, we seek to expand our maintenance, training and management service offerings, which will not only enhance our customer loyalty but also increase our recurring revenue streams.

By leveraging the success of our JetStream program, we will continue to establish new maintenance programs and deliver additional features in the existing programs to make owning an aircraft simpler, safer and more convenient for our customers. We will also continue to provide a wider range of aircraft upgrades as well as enhance our overhaul capabilities. For example, we will expand the range of post-sales upgrades available through our Cirrus Direct program, which would provide our customers with more modification options such as adding hot-and-high and WiFi features to their aircraft.

We plan to expand the aircraft management solutions to more customized services and in more locations after receiving exceptional feedback from our customers on our turnkey Vision Jet ownership program VisionAir and a similar program for the SR2X Series called Cirrus One. In addition, we plan to expand our ability to support trade-in opportunities to our existing aircraft owners and expand to facilitate greater secondary sales of aircraft to further expand our customer base through increased personnel support and technology enhancements. By increasing the number of employees supporting secondary sales and upgrading the platform we have, we expect to be able to sell more aircraft through the secondary market. These investments will also support our ability to refurbish or upgrade aircraft for the secondary market. Furthermore, we aim to expand financing options for existing and new customers to facilitate their purchase of new aircraft and aircraft upgrades.

Enhance flight training solutions

We will continue to scale up our customized flight training solutions to support our growing customer base. For example, we have introduced Cirrus Flight Training which includes our concentrated 35-day flight training program that teaches our customers the basic aeronautical skills and experience to become a FAA-certified pilot. We also intend to expand our current Type Rating training program and further enhance our simulation capabilities to increase our training solution offerings. In July 2023, we introduced a new private pilot program designed to teach anyone to learn how to fly a SR2X Series aircraft and earn their pilot's license. The program provides an intensive ground school training partnered with a dedicated instructor pilot through our training facilities to help students complete their private pilot license in our aircraft.

In addition, we strive to make it easy to operate our aircraft and introduce personal aviation to more potential customers. For example, we have started to introduce training programs for prospective buyers such as factory-direct flight training in our four factory training facility locations where we train our prospective customers to fly using the Cirrus Approach system in a premium environment with new Cirrus planes. Through these programs, we can introduce personal aviation to customers who have not previously considered it a viable mobility solution.

Advance and expand our aircraft and services portfolio

We intend to maintain the long-term competitiveness of our core SR2X Series and Vision Jet aircraft through model upgrades and generational changes. We plan to incorporate new technologies and features into our aircraft that enhance the safety, automation, connectivity, and ease of use. For example, we seek to increase the level of automation to enable simplified vehicle operations by leveraging advanced flight control and on-board computing systems to simplify and automate certain tasks that normally belong to pilots. For example, our recently launched seventh generation of the SR2X Series features such enhancements as Taxiway Routing and 3D SafeTaxi for simplified ground navigation, Automatic Fuel Selector System to reduce workload during flight, Flap Airspeed Protection to prevent incorrect flaps deployment based on air speed, and an all-new Cirrus Perspective Touch+ flight deck featuring touch-screen controls, easier-to-use checklists, and easier-to-use radio communications interface, all of which help simplify and make tasks more intuitive for the pilot. In addition, we will continue to work with existing and new strategic partners to make advances in connectivity solutions that support data analytics to improve reliability and expand customer services. For example, we plan to further expand the services available on Cirrus IQ to include flight quality analysis and feedback, maintenance and training scheduling, and integrated flight planning solutions.

Our customers consistently express a strong desire to perform missions at faster speeds, across greater distances, and at higher altitudes to avoid weather and improve routing. They want aircraft that can carry more weight, passengers, and cargo with improved reliability and dependability. Many customers want additional customization and comfort upgrades, in particular at higher markets and price points. They want simplification and automation across the entire flight, continuing to make the aircraft as simple to operate as their own automobile. And finally, as technology continues to integrate even more into our daily lives and improve, they expect the same in their aircraft — they want improved connectivity while maintaining or improving simplicity and performance. It is in these key areas that we will focus our product development efforts.

We will continue to increase the reach of our product portfolio by expanding the products available along the product "ladder." In addition to our existing SR2X Series and Vision Jet aircraft, we plan to develop derivative aircraft and new platform aircraft to expand the product "ladder." Derivative aircraft are aircraft developed based on the same platform as existing aircraft; for example, in the past we developed our SR22 aircraft in our SR2X Series by building on the same platform as our SR20. On the other hand, our Vision Jet is built on a platform distinct from our SR2X Series. These products can further complement our existing product portfolio, enabling us to retain existing customers, penetrate new markets, and attract additional customers.

Advance production capabilities

We will continue our Cirrus Operating System transformation of all production processes involving standard work with a focus on IT infrastructure modernization and integration to simplify the manufacturing process and achieve better productivity management. For example, we plan to integrate the current manual process to document work orders in the enterprise resource planning ("**ERP**") system with our Cirrus Operating System to allow our work to be registered digitally and the process to be highly traceable. We will also upgrade and expand our facilities to support implementation of our Cirrus Operating System and streamline the production flow. For example, we are currently conducting tests on automated sanding equipment and plan to implement the equipment into actual production to replace labor intensive manufacturing processes. We believe that the combination of Cirrus Operating System efficiencies and automation not only can further reduce the cost and labor hours per unit, but can also increase safety and quality of our production process.

We also plan to seek opportunities to provide flexibility to implement incremental design modifications quickly. For example, we plan to implement Demand flow technology, a system that accommodates a mixed-model production environment and provides us with the flexibility to easily adjust the mix ratios between the various SR2X Series aircraft. Demand flow technology reduces lead-time for order configuration, and allows us to assemble various SR2X Series aircraft down the same production line.

In addition, we will explore production capacity expansion in various strategic locations to support our growth. This can include expansion in the United States and internationally to serve those markets more closely. We will also further expand the production capacities of composite parts, which are essential to our products, and seek vertical integration of suppliers depending on the prevailing future economic environment.

Expand our markets globally

We will continue to expand the geographic reach and presence of our Cirrus Services network and to enhance its capabilities to service more customers. As of December 31, 2023, our products were sold to customers in 44 countries and territories around the world and we had authorized service centers in 33 countries. In addition, we seek to repeat the success of our direct-to-consumer model domestically by increasing the number of our sales agents and expanding that model outside of the United States. We require all of our sales agents to be experienced pilots that are qualified to provide flight demonstrations directly to customers. We intend to add more physical locations in addition to our four existing factory service centers, focusing on underserved areas. Similarly, we will continue to expand and enhance our authorized service center and

authorized training facility network through cooperating with existing partners and adding new partners. We plan to expand our virtual and electronic offerings to provide services in more locations and improve our ability to service more customers in our ecosystem.

Establish on-demand personal aviation solutions

We aim to establish our aircraft as the ultimate on-demand personal aviation solution that addresses the gap between ground transportation and regional air services. We plan to expand the offerings of our ownership management programs VisionAir and Cirrus One to more locations to provide Cirrus aircraft owners, an on-demand flying experience with our global network of professional pilots. In addition, we plan to further collaborate with fleet operators and training schools to use Cirrus aircraft for charter flight services when owners are not actively using the aircraft. This way, not only would we be able to generate additional revenue for us, our partners, and our customers, but we can also build up our reputation as the top choice for on-demand air services.

In addition, we will continue to invest in infrastructure that enables us to advance in the on-demand air services market. For example, the expansion of our flight training programs will increase the number of qualified pilots to operate on-demand Cirrus aircraft. Moreover, the continuous upgrades of Cirrus IQ and our e-commerce platform would allow us to eventually connect available pilots and customers who seek on-demand flights, and to connect directly to our e-commerce platform to purchase merchandise. We believe our initiatives will keep us in the forefront of on-demand personal aviation services as they become more widely accepted.

OUR BUSINESS MODEL

We design, develop, manufacture, and sell single-engine piston and jet aircraft, delivering a comfortable, convenient, and premium aviation experience that is the "pinnacle of innovation, quality and safety." 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 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 "— 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.

The following table sets forth the breakdown of our revenue by revenue stream for the years indicated:

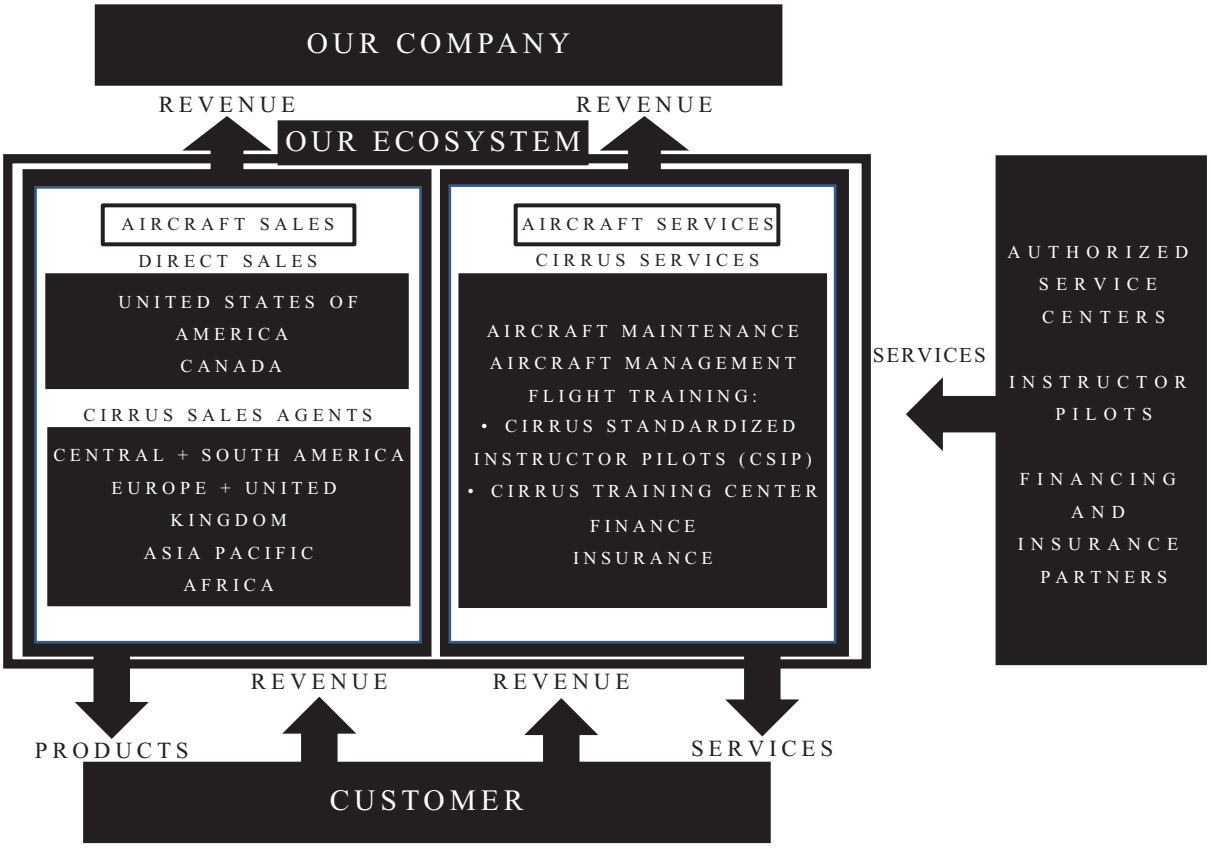
	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Revenue						
Aircraft	619,612	83.9	759,740	85.0	915,654	85.8
SR2X Series	384,638	52.1	492,825	55.1	613,340	57.4
SR20	42,618	5.8	57,049	6.4	69,690	6.5
SR22	111,920	15.2	142,772	16.0	138,667	13.0
SR22T	230,100	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**

Note:

(1) Aftermarket Parts/Maintenance includes extended warranty and JetStream program.

OUR ECOSYSTEM

Our wide-ranging global post-sale ownership and support ecosystem 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. Our direct-to-customer model is enabled by our global ecosystem.



We have established a wide-ranging global ownership ecosystem to make owning and operating an aircraft, convenient to access and enjoyable. Our ecosystem provides the following:

- *Support and Maintenance:* Customers enjoy access to our factory service centers and global partner network of authorized service centers. See "— Sales and Marketing — Our Marketing Strategies" and "— Our Services — Aircraft Maintenance and Support" for more information.

- *Training:* Our factory training facilities, authorized training facilities, network of more than 1,000 Cirrus standardized instructor pilots and in-person and online flight training programs help customers hone their skills and earn their private pilot's license. See "— Our Services — Flight Training Services" for more information.

- *Management Services:* Our services extend beyond the initial aircraft purchase and include access to on-demand professional pilots and aircraft maintenance. See "— Our Services — Aircraft Management" for more information.

- *Financing and Insurance Services:* Cirrus Finance and Cirrus Insurance offer financing and insurance solutions through their strong relationships with preferred third-party financing and insurance partners in the U.S. and abroad in more than 140 countries. See " — Our Services — Financing and Insurance Services" for more information.

We employ a direct sales team in the United States, which has the greatest concentration of Cirrus owners, supplemented with a network of Cirrus Sales Agents who promote our aircraft throughout the rest of the world (the "**CSA Model**"). This direct-to-customer model provides a competitive advantage by expediting the speed at which our sales team can schedule flight demonstrations with customers and reduces brand dilution that would occur as a result of third-party dealer involvement. Unlike our peers that use a dealership model in which each dealer may sell product lines from various brands at the same time, our CSA Model is advantageous in that our CSAs are generally required to sell Cirrus aircraft exclusively.

Increasing the scope of Cirrus Services expands the reach of our Cirrus community, attracts new customers, improves our customer satisfaction and brand loyalty and generates aftersales recurring revenue. As of the Latest Practicable Date, our global customer base owned in excess of 10,000 of our aircraft and continues to grow. For the years ended December 31, 2021, 2022 and 2023, Cirrus Services and Other generated revenue of US$118.5 million, US$134.3 million and US$152.1 million, respectively, representing 16.1%, 15.0%, and 14.2% of our total revenue for the corresponding years, respectively.

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 "— 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	1,811	4,500	3,262[3]	522
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 SR2X Series

Initially certified by the FAA in 1998, the SR2X Series is comprised of a series of single-engine piston models of aircraft that have been certified and validated in more than 60 countries. Our SR2X Series, currently in its seventh generation with over 9,500 aircraft delivered as of the Latest Practicable Date, has been the best-selling high-performance, single-engine piston aircraft for 22 consecutive years in the U.S., according to GAMA.

Since our inception, we have sought to design and build a personal aircraft that is safer, faster and more comfortable than market alternatives. The SR2X Series design includes a premium interior, advanced avionics including high-resolution instrument displays, touch controllers, and a digital autopilot. It also includes a whole airframe parachute that is a unique feature in single-engine piston aircraft. Over the years, the SR2X Series has been refined and enhanced with improvements to performance, comfort, convenience and, most importantly, safety.

As part of our wide-ranging product offering strategy, our SR2X Series provides a product "ladder" with increasing levels of performance and capabilities addressing different customer needs and preferences for a single-engine piston aircraft at different price points and providing a stepping stone to our Vision Jet resulting in multiple purchases from the same customers as they move up our product ladder. We offer an entry-level training aircraft, the SR20 model, as well as the SR22 and SR22T models, both of which offer increasing engine and aircraft performance. Each model is a single-engine, piston-powered aircraft with automated propeller control and a range of features and customizable options for enhanced aesthetics, performance, safety and comfort. Each model of the SR2X Series has also been modified for flight training purposes as part of our TRAC Series, which often supports our fleet and customers requiring aircraft configured for specific applications.

Our SR2X Series is designed for functionality and comfort without compromising performance and safety. Each model is equipped with standardized features, including a remote and keyless baggage door, high-powered USB ports, advanced avionics and premium leather seating and interiors. Our interiors are designed to replicate the feel of a premium automobile. Our SR2X Series aircraft are also equipped with our proprietary Spectra™ wingtip lighting and Spectra illuminated steps, which increase brightness and visibility. These features together contribute to the premium feel of our aircraft.

For the years ended December 31, 2021, 2022 and 2023, the SR2X Series generated revenue of US$384.6 million, US$492.8 million and US$613.3 million, respectively, representing 52.1%, 55.1% and 57.4% of our total revenue for the corresponding years, respectively.

The SR20 Model

Initially designed in 1994, the SR20, our entry-level model, redefined the single-engine piston aircraft category by bringing modern automotive-like styling and features, all-composite construction, an intuitive flat-panel avionics display with advanced sidestick controls, and the distinctive benefits of a full-airframe parachute to a segment of the market that had long suffered from little research and development and new product investment, according to Frost & Sullivan. Certified by the FAA in 1998 before entering into service in 1999, the SR20 model has continued to evolve over the past 30 years. The SR20 model is equipped with a 215 horsepower Lycoming engine. The aircraft has a maximum cruising speed of 155 KTAS, a maximum range of 709 nm and a maximum operating altitude of 17,500 feet. The SR20 model has a useful load of approximately 1,028 pounds and can typically carry up to four adults and one child.

Our SR20 model comes equipped with our standard range of features. See "— Technically Advanced Aircraft Features" for more information. We also offer a pre-bundled package of premium features for the SR20 model, which includes the following:

Dual 14-inch Display Screens — offers improved situational awareness and screen display bigger than the standard 12-inch screens.

Taxiway Routing — allows the pilot to enter taxi clearances with ease and follow clearly displayed progressive instructions on the map and in a 3D environment.

The above premium features are in addition to a remote and keyless baggage door, interior and exterior ambient convenience lighting to facilitate access to the aircraft during non-daylight hours and premium appearance options. There are also a series of a la carte customizable options, including air conditioning, connectivity options (e.g., satellite phone) and an engine pre-heater for cold weather.

The first SR20 model was delivered in 1999. As of the Latest Practicable Date, we have delivered 1,811 SR20 aircraft.

The SR22 Model

The SR22 model focuses on higher performance with a larger wing, higher fuel capacity and more powerful engine than the SR20 model. The SR22 model is equipped with a 310 horsepower Continental engine. It has a maximum cruising speed of 183 KTAS, a maximum range of 1,169 nm and a maximum operating altitude of 17,500 feet. The SR22 model offers a useful load of 1,328 pounds and can typically carry up to four adults and one child. In addition to the standard features included and additional a la carte options available for the SR20 model, the SR22 model also

offers five premium packages of additional features, such as the FAA-certified Flight Into Known Ice (FIKI) system (a fluid-based ice protection system that coats aircraft flight surfaces, including vertical stabilizer and elevator tips, with anti-ice fluid and allows pilots to fly into limited icing conditions), as well as enhanced active traffic monitoring, large display screens and the ability to activate aural and visual alerts while at the airport.

The first SR22 model was delivered in 2001. As of the Latest Practicable Date, we have delivered 4,500 SR22 aircraft.

The SR22T Model

The SR22T model builds upon the high performance of the SR22 model with a turbo-charged engine that enables the SR22T model to maintain the same high level of horsepower at even higher altitudes. The SR22T model is equipped with a 315 horsepower Continental turbo-charged engine and has an increased maximum cruising speed of 213 KTAS, a maximum range of 1,021 nm, and a higher maximum operating altitude of 25,000 ft. The SR22T model offers a useful load of 1,246 pounds and can typically carry up to four adults and one child. The same standard features, additional a la carte options and five premium packages offered for the SR22 model are available for the SR22T model.

The first SR22T model was delivered in 2010. As of the Latest Practicable Date, we have delivered 3,262 SR22T aircraft.

TRAC Series

Launched in 2019, the TRAC Series is a purpose-built configuration of the SR2X Series initially developed for flight training institutions and often purchased as part of a fleet. The TRAC Series includes the TRAC20, TRAC22 and TRAC22T models based on the three models of the SR2X Series. The TRAC Series provides additional tailored features, such as rear set push-to-talk functionality and a landing gear simulator.

The TRAC Series is equipped with several advanced features that optimize it for training, such as the integrated Cirrus Perspective Touch+, mimicking features typically found in advanced airliners to make the TRAC Series an optimal tool for flight training programs. We have applied our design approach to the TRAC Series to optimize its functionality by redesigning the interior of the SR2X Series to meet the specific needs of a high-utilization training environment. Our TRAC Series is further bolstered by our wide array of interactive, tailored flight content offered through Cirrus Approach.

The Vision Jet

Our Vision Jet is the first and only personal single-engine jet that has been certified and put into production according to Frost & Sullivan. As of the Latest Practicable Date, the Vision Jet was certified and validated in 45 countries and has been the world's best-selling jet (including the best-selling jet of the personal aircraft segment) under US$7.0 million for six consecutive years, according to GAMA. The Vision Jet is designed for owners to fly at jet speed, includes an advanced avionics system and has a Williams International engine that can travel at a cruising speed of 311 KTAS at a maximum operating altitude of 31,000 ft and a maximum range of 1,275 nm. In addition to high performance, the Vision Jet can hold a high useful load of 2,450 pounds and can typically carry up to five adults and two children. The Vision Jet is designed for optimized travel at jet speed without requiring support from a full-time pilot or flight department, reducing ownership costs when compared to full-service options. The Vision Jet is supported by our exclusive VisionAir aircraft management program. See "— Our Services — Aircraft Management" for more information.





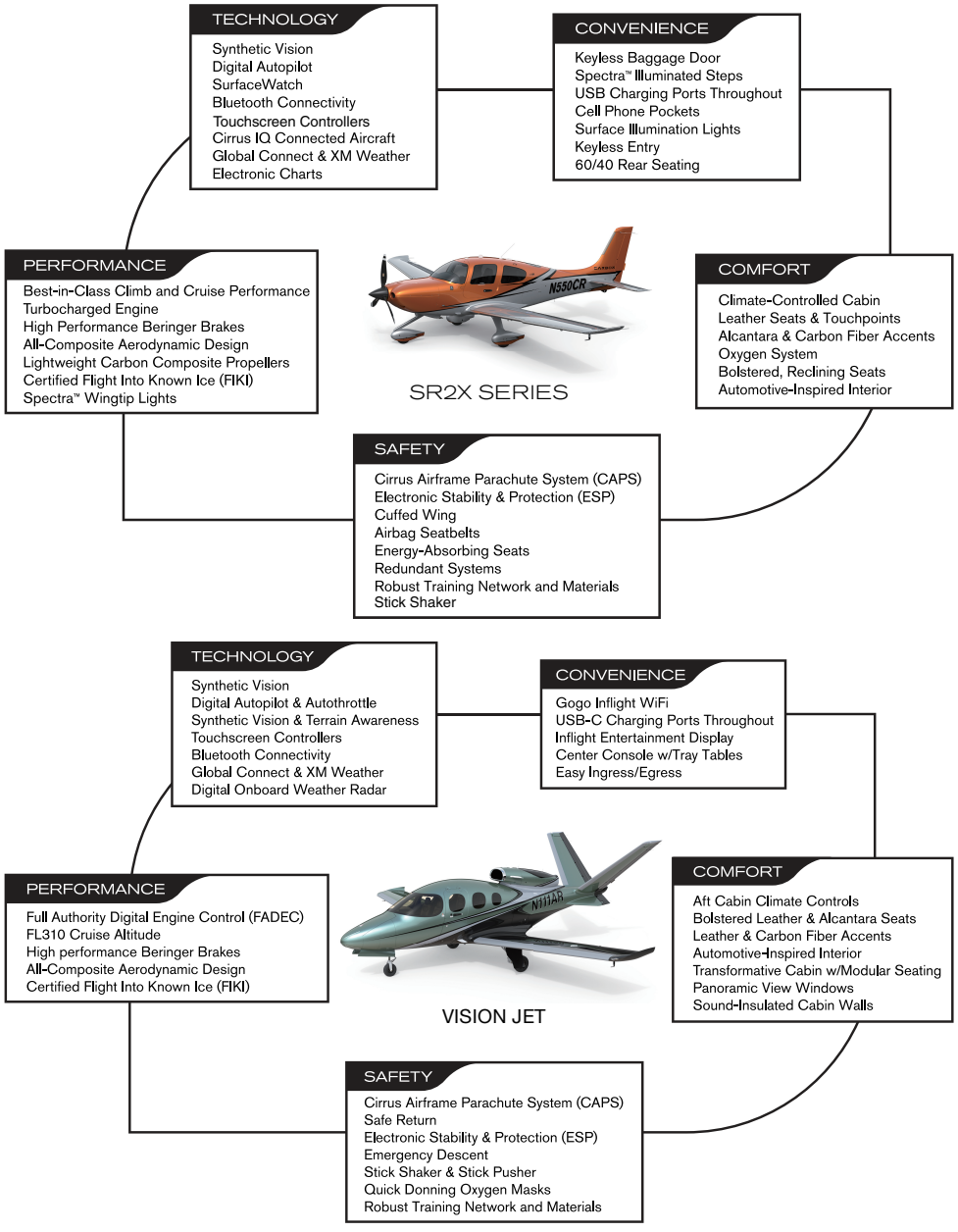
The Vision Jet uses carbon fiber technology to provide an advanced monocoque carbon fuselage. The use of carbon fiber materials provides numerous competitive advantages such as allowing for a smoother airframe surface, providing improved aesthetics and fit-and-finish, reducing lower production cycle-time, improving first-time production quality, and improving fuel efficiency and lowering carbon emissions by improving aerodynamic drag, according to Frost & Sullivan. The "backpack" engine placement (in which the engine is placed on the top of the aircraft as opposed to the sides given the aircraft's single-turbine nature) and V-tail design reduce cabin noise. Safety remains at the forefront of our design. The Vision Jet includes CAPS and Safe Return as standard features.

We offer five premium packages for the Vision Jet that are designed to fit effortlessly into our customers' increasingly, digitally connected world through a variety of advanced features. These features add convenience and additional connectivity through, for example, the Cirrus Perspective Touch+™ by Garmin flight deck with added touch screen capability, as well as Gogo® Inflight WiFi, Bluetooth® and satellite connectivity and SiriusXM® weather and radio options offered in the U.S. and Canada. Other premium packages include enhanced mission capabilities with weather tracking tools that provide precision analysis in real-time, active traffic monitoring and premium interior and exterior features, including multi-tone paint and customized seating options.

The first Vision Jet aircraft was delivered in 2016. As of the Latest Practicable Date, we have delivered 514 Vision Jet aircraft. For the years ended December 31, 2021, 2022 and 2023 the Vision Jet generated a revenue of US$235.0 million, US$266.9 million and US$302.3 million, respectively, representing 31.8%, 29.9% and 28.4% of our total revenue for the corresponding years, respectively.

Technically Advanced Aircraft Features

Each of our SR2X Series and Vision Jet aircraft has been designed to focus on addressing five key priorities: safety, advanced technology and architecture and connectivity, ease of use, comfort and personalization, and performance. The successful integration of various technologies and innovative designs has distinguished us from our competitors. Each of our SR2X Series and Vision Jet include our advanced technologies as standard or premium features, depending on model.



Safety:

Safety has been at the core of our product design since we designed our first aircraft. All of our aircraft include active safety features including our hallmark CAPS. Our recent and future Vision Jet aircraft include, and will include, our Safe Return auto-landing system.

Cirrus Airframe Parachute System — CAPS is a whole-plane parachute system that is included as standard equipment on all of our aircraft. Inspired by a mid-air collision that one of our co-founders survived, CAPS was the industry's first general aviation parachute system implemented into a FAA-certified aircraft, and as of the Latest Practicable Date, we remained the

only company to include a whole airframe parachute as standard equipment in each of our certified aircraft, each according to Frost & Sullivan. In the event of an emergency, activation of CAPS will release the parachute and facilitate a slow descent. As of the Latest Practicable Date, our aircraft installed with CAPS had accumulated a total worldwide flight time of over 16.5 million hours and had featured 126 aircraft recovered under parachute that involved 258 survivors and has contributed to our strong safety record and profile.

In the SR2X Series, CAPS is deployed with a handle above the pilot activating a rocket system that extracts the parachute pack from the aircraft. In the Vision Jet, CAPS is similarly deployed with a handle above the pilot activating an inflator bag ejecting the parachute pack from the aircraft and is assisted by a rocket ballistic system. The Vision Jet is the first and only jet with a ballistic parachute, according to Frost & Sullivan. Our Vision Jet was awarded the 2017 Robert J. Collier Trophy, given annually by the U.S. National Aeronautic Association for "the greatest achievement in aeronautics in America, with respect to improving the performance, efficiency, and safety of air or space vehicles." See "— Awards and Recognition" for more information.



Safe Return — Safe Return is an emergency auto-landing system that was created in collaboration with Garmin, a worldwide leader in general aviation avionics. Safe Return allows passengers in the cabin to land the aircraft safely with the touch of a button in the event of a pilot's incapacitation. Once pressed, Safe Return transforms the aircraft into an autonomous vehicle that utilizes all available data streams to navigate the aircraft safely to a suitable airport where the aircraft makes a landing and comes to a full stop on the runway, allowing passengers to open the door and step out safely.

The following diagram illustrates the use of Safe Return feature by simply pressing the button:



Auto Radar — Auto Radar is a radar setting that is powered by Garmin technology that reduces the need for a pilot to conduct radar scans of upcoming weather systems manually. Pilots select their desired radar range and Auto Rader automatically scans the area ahead to provide a composite, real-time depiction of the weather which is enhanced with a 16-color palette to give as much detail as possible to a pilot while automatically suppressing ground clutter.

Our aircraft also includes several passive safety features embedded in the design of each model, including our cuffed wing technology that provides a safer flying experience, our Digital Autopilot, and our Cirrus Electronic Stability & Protection system. Our SR2X Series aircraft are the only single-engine aircraft with airbags in our seatbelts, according to Frost & Sullivan.

Digital Autopilot — Digital Autopilot is a fully digital, dual-channel Automated Flight Control System that delivers precise lateral and vertical navigation guidance for each phase of flight. The system also incorporates a return-to-level mode, which provides the pilot with a single-touch auto-pilot engage button to roll the wings and pitch to a level altitude if momentarily distracted or disoriented. Digital Autopilot has been a standard feature in all of our aircraft since 2008 and was also produced in collaboration with Garmin.

Cirrus Electronic Stability & Protection — Cirrus Electronic Stability and Protection ("**ESP**") is an avionics system that is available in all of our aircraft and automatically monitors an aircraft's flight condition. Cirrus ESP was produced in collaboration with Garmin, utilizing Garmin's advanced, attitude and heading reference system that consists of sensors on three axes to apply a control force to stabilize flights in the event of pitch or roll deviations that exceed recommended limits.

The following table represents our robust safety features:

Situation	Active Mitigation	Passive Mitigation
Loss of Control	• Synthetic Vision • Electronic Stability Protection (ESP™) • Stick Pusher/Stick Shaker • Blue Level Button • Advanced Autopilot • CAPS • Autothrottle • Flap Airspeed Protection	• Wide-aspect Ratio Electronic Displays • Wing Leading Edge Technology • Simplified Engine Control • Dynamic Seat Technology • Crashworthy Composite Structure
Mid-air Collision	• CAPS • Traffic Awareness/Synthetic Vision	• Window Visibility • Dynamic Seat Technology • Crashworthy Composite Structure
Pilot Incapacitation	• Safe Return • CAPS	• Dynamic Seat Technology • Crashworthy Composite Structure
Loss of Power	• Digital Engine Monitoring • CAPS	• Dynamic Seat Technology • Crashworthy Composite Structure
Flight Into Terrain/ Crashworthiness	• Terrain Awareness/Synthetic Vision • Air-bag Seatbelts	• Dynamic Seat Technology • Crashworthy Composite Structure • Side-stick Control
Weather/Icing	• Known-Ice Protection • Advanced Weather Products • Weather Radar • Lightning Detection System • High-altitude Capability	• Advanced Lightning Protection System
Runway Incursion	• Electronic Flight Displays • ADSB/Traffic Awareness • Safe-Taxi Technology • Taxiway Routing	• Window Visibility • Dynamic Seat Technology • Crashworthy Composite Structure

Advanced Technology & Architecture and Connectivity:

Several of our aircraft features were created based on ongoing integration of innovative technologies and a focus on connectivity. This includes Cirrus IQ, our connected-aircraft technology which improves the customer experience by creating an integrated application that provides valuable insights.

Cirrus IQ — Each of our aircraft comes equipped with Cirrus IQ, a connected-aircraft technology that currently collects a wide range of flight data and aircraft data during flight and transmits the data off the aircraft upon landing for a wide range of uses, including dispatch support, preventative maintenance, training, engine health and incident-related data, all accessible via a clean interface by mobile device. The application tracks fuel, other fluid levels, maintenance intervals and flights and achievements. The application also supports push notifications for

technical publication updates applicable to specific aircraft, as well as important inspection, maintenance and warranty events, providing users with quick reference to nearby authorized service centers and authorized training facilities. Cirrus IQ was introduced for the SR2X Series and Vision Jet in 2020 and 2023, respectively, is offered in English and available in 35 countries.



Ease of Use:

An integral part of our aircraft is their ease of use and accessibility for a wide range of experience levels, including first-time pilots. We are focused on continuing to integrate advancements in simplified vehicle operations (the flight systems and user interfaces that apply technology to provide assistance to pilots) in all of our aircraft. A standard feature in our aircraft that supports this is Cirrus Perspective Touch+, our avionics flight deck with state-of-the-art and intuitive safety, communications, and navigational capabilities.

Cirrus Perspective Touch+ — The system is comprised of two large flight displays, touch screen flight management system controllers, our Cirrus ESP system, as well as an integrated engine indication and crew alert system. Cirrus Perspective Touch+ integrates all aircraft flight, communication and navigation system information with external data, and displays it in real time over a clear and intuitive set of large displays. It includes an enhanced vision system, flight envelope protection, real-time datalink weather updates with moving map displays, stabilized approach advisories, wireless database uploads and additional glass back-up instrumentation. The flight deck is designed to assist the pilot's decision-making process by providing all relevant information to the pilot in an easy-to-assess way. Designed in collaboration with Garmin, Cirrus Perspective Touch+ is available in our SR2X Series aircraft.

Our design is purpose-driven, including our side-stick, auto-throttle design which places the throttle in a more convenient location for pilots at their side, instead of the traditional centered design which takes up space in front of the pilot making the experience less comfortable or convenient for the pilot to reach for.

Comfort and Personalization:

The premium look and feel of our aircraft is based on several intentional design elements and features in our aircraft. This includes our ergonomic window design, which balances visibility and functionality for a pressurized cabin and our passenger-centric cabin design which utilizes space effectively. We also allow for customers to customize their aircraft with preferred modifications to optimize their comfort based on their preferences and to create a personalized aesthetic with our Cirrus Xi program.

Cirrus Xi — Our Cirrus Xi program provides our customers with the ability to add custom and personalized specifications to their aircraft. This is facilitated by our Xi specialists, who work directly with the customer to plan and execute personalized modifications to their aircraft, from exterior paint to the stitching of seating. The process includes a remote evaluation and selection of materials and options for the aircraft, followed by custom sketches and samples created by our team to ensure that the details are tailored and approved to the customer's specifications. This process is completed with a special visit by our customers to the Xi Design Studio in Knoxville, Tennessee. From the exterior paint to the stitching of the seating, this customized process enhances the look and individuality of the aircraft.

Performance:

The utility of our aircraft as a viable mobility solution is driven by their performance metrics and can also be equipped with a platform for aircraft configured for specific applications, known as Cirrus Perception. Since its inception we have increased the performance of the SR2X Series multiple times with updates to our models including new powerplants and gross weight increases, and we have increased the performance of our Vision Jet twice since its launch in 2016 with the addition of a new avionics system, improved thrust and the introduction of Wi-Fi.

We outsource design manufacturing (where the supplier optimizes a component's design) and manufacturing (where we provide the design specifications) of certain of our technologies, as noted in the table below:

Item	Process / Technology	Series	Sourcing
Avionics	Electronic Flight Displays	SR2X	Design
	Flight Management System	Vision Jet	Manufacturing
	Autoflight System		
	Safe Return		
	ESP Technology		
	Traffic Awareness		
	Weather Radar		
Propulsion	Engine	SR2X	Design
		Vision Jet	Manufacturing

Item	Process / Technology	Series	Sourcing
CAPS Parachute	Canopy Assembly	SR2X	Manufacturing
		Vision Jet	
CAPS Rocket	Solid-propellant Ballistic Rocket	SR2X	Design
		Vision Jet	Manufacturing
Flight Controls	Aluminum Control Surfaces	Vision Jet	Manufacturing
Lighting	Conformal LED Exterior Lighting	SR2X	Manufacturing
Interior System	Molded interior panels	SR2X	Manufacturing
		Vision Jet	
Seating	Seat Assembly	SR2X	Manufacturing
	Upholstery	Vision Jet	
Restraint System	Restraints	SR2X	Design
	Air Bag Technology	Vision Jet	Manufacturing
Connectivity	Gateway / IQ	SR2X	Design
		Vision Jet	Manufacturing
Connectivity	Wi-Fi	Vision Jet	Design
			Manufacturing
Comfort	Environmental Control System	SR2X	Design
		Vision Jet	Manufacturing
Pressurization	Inflow valves	Vision Jet	Design
	Outflow valves		Manufacturing
	Pressure control		
	Bleed control valves		
Ice Protection System	TKS Weeping Wing (SR2X)	SR2X	Design
	Pneumatic Boot System (Vision Jet)	Vision Jet	Manufacturing

PRODUCT DEVELOPMENT AND INNOVATION CAPABILITIES

Constant technological and design innovation leading to continuous improvement and new feature launches and generational upgrades are critical to our success. For this reason, we have dedicated a substantial amount of resources to our product development team, comprising 364 employees as of December 31, 2023, representing approximately 15.1% of our workforce. Our product development investment was US$23.3 million, US$39.4 million and US$49.1 million for the years ended December 31, 2021, 2022 and 2023, respectively.



We have been continuously renewing our product portfolio since our inception, which we believe is a key driver to sustaining the growth of our business and to continue providing a premium experience for our customers. Our key capabilities are being able to develop innovative safety features and design, our proficiency with advanced materials (and specifically, with composite carbon fiber technologies), our ability to get aircraft certified in a highly regulated

environment and bring them to market and our ability to successfully integrate advanced technologies and materials. These capabilities create an expertise in product development and innovation that gives us a competitive advantage.

We will continue to evolve our aircraft in accordance with new capabilities and as technology evolves. We are committed to integrating new technologies and applications into our models to further enhance the technological competitiveness of our aircraft. We may, in the process of developing certain designs, or functionalities, develop our own proprietary technologies, solutions or applications, or proactively work in collaboration with several external suppliers to co-develop.

Due to our focus on renewing our product portfolio, our SR2X Series is in its seventh generation since its inception and our Vision Jet is in its second generation since its inception. We will continue to extend product lines and add new products and services into market segments and spaces where we can add distinct value as we have done for the past two decades.

OUR SERVICES

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 aircraft support and maintenance, flight training, 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.

As of December 31, 2023, we had 317 employees dedicated to Cirrus Services across our factory service centers and factory training facilities. For the years ended December 31, 2021, 2022 and 2023, our Cirrus Services and Other revenue stream generated revenue of US$118.5 million, US$134.3 million and US$152.1 million, respectively, representing 16.1%, 15.0% and 14.2% of our total revenue for the corresponding years, respectively. We set pricing for Cirrus Services annually. Pricing is then reviewed quarterly based on market factors, including competitive offers in local markets, costs, and margin. We are not required to hold any material licenses to provide our service offerings, as such services can be provided by our network of external providers. However, we have obtained certain material licenses in order to provide certain services directly as part of our comprehensive service offering, which differentiates us from our competitors. For further details, see "— Licenses, Certificates and Permits."

The following table sets forth the breakdown of our revenue from Cirrus Services and Other by service line for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
Revenue	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
Aftermarket						
Parts/Maintenance [(1)]	47,996	40.5	63,996	47.6	80,711	53.1
Training	12,712	10.8	15,787	11.8	19,800	13.0
Preowned Aircraft	10,320	8.7	23,611	17.6	26,648	17.5
Other	47,490	40.0	30,948	23.0	24,895	16.4
Total	**118,518**	**100.0**	**134,342**	**100.0**	**152,054**	**100.0**

Note:

(1) Aftermarket Parts/Maintenance includes extended warranty and JetStream program.

In expanding and strengthening our service offerings, we believe that we will attract new customers while improving customer loyalty and strengthening our competitive advantage. We believe that this approach differentiates our business from many of our competitors who manufacture and sell aircraft but do not provide after-sale services.

Aircraft Maintenance and Support

We provide global maintenance solutions for our customers through the support of our 118 employees (as of December 31, 2023) at our factory service centers and strong partner network of trained technicians at our authorized service centers which provide access to our branded aircraft parts and our latest services. We sell parts to our authorized service centers at wholesale pricing, and such parts are then sold to end customers at retail prices. Customer orders for parts typically range between US$1,500 to US$10,000 per order. Risk of loss is transferred to our customer upon shipment if they are purchasing directly, or receipt at a participating service center location. Maintenance pricing is based on labor rates in the markets where services are being offered, and any work quoted that is not covered by warranty must be approved by our customer in advance. Our aircraft maintenance and support services include (1) aircraft maintenance, including 24/7 global coverage and mobile aircraft on the ground ("**AOG**") support; and (2) aircraft management, including our exclusive turnkey ownership program.

As of December 31, 2023, we had a network of 242 authorized service centers, of which 183 were in North America, 29 were in Europe, seven were in Asia, eight were in Australia and New Zealand, 13 were in South America, one was in Central America and one was in Africa. Certain

authorized service centers, upon approved creditworthiness, are extended credit for their purchase of parts from us, typically payable net 30 days from order. With the exception of AG Services, our connected person which operates an authorized service center in the PRC on a non-exclusive basis, to the best of our knowledge, each of our authorized service centers was an independent third party during the Track Record Period and up to the Latest Practicable Date. See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Services.

Aircraft Maintenance and Modifications

Our maintenance solutions include our JetStream program, Cirrus ASSIST™, and Cirrus Direct programs.

The JetStream program is the comprehensive, pre-paid ownership program available to every Vision Jet customer that includes benefits beyond the standard warranty including, for example, coverage for normal wear replacement, recurrent training (e.g., our Vision Jet pilots are required by FAA rules and regulations to receive an annual re-certification for their type instrument ratings), subscription renewals, 10-year overhauls on the CAPS and direct access to our expert technicians. As part of the JetStream program, the expert technicians at our four factory service centers and 242 authorized service centers provide recurrent maintenance for the Vision Jet aircraft, as well as annual or semi-annual proficiency checks with our certified instructor pilots. Customers pay for JetStream program in advance based on a one to three-year service agreement for a pre-determined maximum number of hours. The program is payable upon entry into the agreement, and revenue is recognized in monthly intervals over the duration of the agreement. Costs are recognized when services are rendered. Our JetStream program annual pricing typically ranges between approximately US$96,000 to US$225,000, and is set based on the age of the aircraft, length of agreement and aircraft utilization based on flight hours. As of the Latest Practicable Date, we maintained nearly 100% enrollment rate for all of our Vision Jet owners in the JetStream program. We also provide optional, extended warranty packages for the SR2X Series aircraft for three to five years from the time of purchase. See "— Sales and Marketing — Aircraft Orders and Delivery" for more information.

Our Cirrus ASSIST program provides 24/7 global coverage mobile AOG support with our team of expert technicians for expedited parts delivery, which addresses maintenance and modification upgrades for interior and exterior aspects of the aircraft, such as lighting, tires, wheels and brakes, avionics, powerplant, fuel system, and comfort and convenience. Customers are charged through our factory service centers on a job-by-job basis based on the number of hours and type of services performed, as well as parts used, payable at the completion of services. Given

customers are charged on a job-by-job basis for the services performed under the Cirrus ASSIST program, the range of fees we charge varies widely depending on the service provided, and an average of fees charged would not be representative of the service fees charged under the program.

The Cirrus Direct program, launched in 2014, is an in-house, online platform by which customers can place direct orders for modifications and upgrades, as well as replacement parts, to their SR2X Series and Vision Jet aircraft. The program supplements the robust, existing partner network of authorized service centers and offers complete Cirrus aircraft, engine and avionics. Customers are charged on a part-by-part basis, payable at the time the part is shipped to the customer. Given that customers are charged on a part-by-part basis for the parts that are purchased under the Cirrus Direct program, the range of service fees charged varies widely depending on the parts purchased, and an average of service fees charged would not be representative of the service fees charged under the program.

Pre-Owned Cirrus Network

Pre-Owned Cirrus Network is our platform that connects prospective pre-owned Cirrus aircraft buyers and sellers across the globe, and is the largest and most active marketplace for previously owned Cirrus aircraft. We receive used aircraft as trade-ins from sellers and hold the aircraft as inventory until new buyers are identified. First-time buyers, as well as sellers looking to upgrade into the latest Cirrus aircraft model are supported by our dedicated Cirrus Pre-Owned team at every stage of the pre-owned aircraft buying and selling process. By putting the full resources of a global team to work for those seeking to buy or sell a Cirrus aircraft, this program helps to facilitate a smooth process and to support an active secondary market for our aircraft. Aircraft sold through our Pre-Owned Cirrus Network are payable at the time of the aircraft's delivery to the customer. We do not earn a specific service fee in connection with pre-owned aircraft that we sell through our Pre-Owned Cirrus Network, but instead earn an amount representing the difference between the price at which an aircraft is traded-in and the price at which the same aircraft is resold.

Flight Training Services

Our flight training services include (1) in-person flight simulations and training at our facilities and partnered flight schools; (2) Cirrus Approach, our on-demand, online learning platform, for potential and existing customers of our SR2X Series and Vision Jet aircraft; and (3) Cirrus Embark, our complimentary program designed for customers who purchase pre-owned SR2X Series or Vision Jet aircraft. Our SR2X Series aircraft require a private pilot's license to operate, and our Vision Jet aircraft requires a Type Rating certification that requires renewal on an

annual basis. All of our flight training services are offered on a pay-per-course basis. In addition to attracting new customers to the personal aviation industry, our training programs foster loyalty among existing customers.

As of the Latest Practicable Date, over 1,100 pilots have completed our Type Rating courses, as well as transitionary courses for licensed pilots who want to learn how to operate Cirrus aircraft. These courses generate a steady stream of recurring revenue. We typically price our flight training services as a package based on our actual or historical costs of delivering similar training. Factors we consider to determine pricing for our training include instructor hours required, aircraft flight hours (including the rental rate comprising consumables and allocated fixed costs), simulator rental rates and margin considerations. Training offered on an incremental or standalone basis is typically priced on an hourly basis. Customers are charged prior to starting training based on the estimated cost, and any overages are charged at the completion of training.

As of December 31, 2023, we had four factory training facilities in Tennessee, Arizona, Texas and Florida, as well as 118 authorized training facilities in 13 countries, of which 94 were in the United States and 16 were in Europe. The Tennessee location is an FAA-certified training center, whereas the flight training provided at the Arizona, Texas, and Florida locations is under the authority of FAA-certified individuals at those three locations. Each of the operators of our authorized training facilities was an independent third party during the Track Record Period and up to the Latest Practicable Date.

In-Person Flight Simulation and Training

Our worldwide network of more than 1,000 standardized instructor pilots are experts in Cirrus Flight Training and have significant experience to guide customers in earning their private pilot's license. At our Vision Center in Knoxville, Tennessee, which is one of our factory training facilities, we offer a pilot-friendly training experience for both our SR2X Series and Vision Jet customers, including our proprietary, FAA-certified full-motion Level D flight simulator with two fixed base training devices. Level D simulators have the highest level of realism and simulation capabilities certified by aviation authorities. Having a Level D simulator at our Vision Center allows us to scale our training operations efficiently for both new and returning Vision Jet pilots, as we are not subject to weather or other constraints related to training in a real aircraft. In addition, training in a Level D simulator allows us to provide a thorough and high-quality training program, as we can simulate a wide range of failures and emergencies that cannot be simulated in a real aircraft. At our authorized training facilities, we require our training partners to use our training materials when offering any courses related to our aircraft, which promotes standardization of our training and safety protocols.

In July 2023, we introduced a new private pilot program designed to teach anyone to learn how to fly a SR2X Series aircraft and earn their pilot's license. The program provides an intensive ground school training partnered with a dedicated instructor pilot through our training facilities to help students complete their private pilot license in our aircraft. The program includes 11 modules with 40 lessons that take the student through the pre-study material, ground instruction lessons, flight instruction videos, performance assessment and quizzes. The program is a highly specialized training program offering specific flight training content to learn to fly a Cirrus aircraft in conjunction with a dedicated training facility and instructor pilot by leveraging study materials designed and written by our flight training experts.

Cirrus Approach

Cirrus Approach offers a total of seven categories of 57 on-demand video courses on a variety of topics, such as airframe parachute system training, instrument procedures, engine management, icing awareness, avionics and emergency procedures for our SR2X Series and Vision Jet aircraft. The courses are offered through interactive, bite-sized content for customers to learn at their own pace, with one of the program's main goals being to teach Cirrus pilots how to decide in advance when to use the CAPS and to create a culture in which pilots who pull the chute are applauded for their actions. As of the Latest Practicable Date, we had over 42,000 Cirrus Approach users. Cirrus Approach was awarded the 2016 Joseph T. Nall Safety Award. See "— Awards and Recognition" for more information.

Cirrus Embark

Cirrus Embark is a complimentary program that provides one-on-one training at one of our partnered flight schools, as well as access to our Cirrus Approach platform, for customers who purchase pre-owned SR2X Series or Vision Jet aircraft. We categorize an aircraft as pre-owned if its delivery date to the original customer occurred more than 12 months ago. This safety-driven program is designed to address the operational differences between our aircraft and other aircraft models. With over 700 of our aircraft changing ownership each year during the Track Record Period, Cirrus Embark incentivizes individuals who have purchased pre-owned SR2X Series or Vision Jet aircraft, either directly through us or indirectly through a third party, to become a part of our Cirrus community, attracting new customers to our service offerings and increasing brand loyalty. As of December 31, 2023, we had held over 3,200 training events through our Cirrus Embark program, including more than 460 training events in 2023.

Aircraft Management

In 2020, we launched our exclusive VisionAir aircraft management program for our Vision Jet customers. VisionAir is a complete, turnkey ownership program that includes access to on-demand professional pilots and world class aircraft management that covers the dispatch, flight and maintenance of the aircraft for customers who do not have prior experience flying or a private pilot's license. Customers pay for the VisionAir program in advance based on a one-year service agreement for a pre-determined maximum number of hours. Our VisionAir program pricing typically ranges between approximately US$300,000 to US$485,000. The program is payable upon entry into the agreement and operates on a pre-paid, subscription basis and renews annually. A similar program for our SR2X Series customers called Cirrus One was launched in 2022. We charge customers for different service under our Cirrus One program. For example, our aircraft management services start from US$1,500 per month, depending on location, our hangar/storage services start from US$1,000 to US$4,000 per month, depending on location and aircraft type and our pilot services start from US$600 per half day to US$2,500 per full day, depending on aircraft type.

Financing and Insurance Services

Established in 2003, Cirrus Finance and Cirrus Insurance offer financing and insurance solutions through their strong relationships with preferred third-party financing and insurance partners in the U.S. and abroad in more than 140 countries. Our third-party financing and insurance partners have dedicated employees to us who serve as brokers to help owners access financing and insurance at a competitive rate for the payment and operation of their aircraft and to attract new customers who may not have purchased an aircraft but for accessible financing options and insurance options. These providers have a deep understanding of both the general aviation industry and our products. We do not act as a lender for any of the financing solutions or an underwriter for any of our insurance solutions, as we connect our customers with our third-party financing and insurance solutions partners who act as lenders and underwriters to our customers. We conduct risk-based due diligence on our third-party financing and insurance partners and are provided with a flat commission fee upon successful referral of a client. The aggregate commissions we received for referrals in connection with our financing and insurance services was US$1.6 million, US$1.6 million and US$2.7 million for 2021, 2022 and 2023, respectively. As we do not act as a financier, broker, underwriter nor sponsor of these services, we are not required to hold licenses associated with the sale of these products.

Services offered by our partners include domestic conventional lending, used aircraft financing, shared ownership financing, aircraft improvement loans and a range of insurance options. As of December 31, 2023, Cirrus Finance had provided financing solutions for over 3,100 purchases by our customers and was providing insurance solutions for over 900 aircraft through Cirrus Insurance.

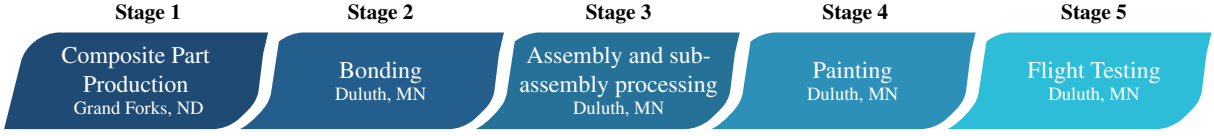
PRODUCTION

Production Process and Facilities

Production Process

Our manufacturing philosophy centers on product quality, continuous improvement, flexibility, advanced automation and high operating efficiency. We possess proprietary knowledge to manufacture an aircraft from the initial composite material to the final assembly and processing. Moreover, we are continuously optimizing our machining technique. Combining our proprietary knowledge and our machining technique supports our control over the components of our aircraft during the manufacturing process.

Our production cycle starts in our manufacturing facility in Grand Forks, North Dakota and finishes in our final aircraft assembly and production flight test campus in Duluth, Minnesota. The diagram below sets forth the key stages and sub-stages of the production cycle of our aircraft:



Stage One: Composite Materials — We source most of our two primary composite materials, pre-impregnated fiberglass and carbon fiber, from a supplier located in the United States. Composite materials are corrosive resistant, which permits us to form weight-efficient and aerodynamic airframes and lends to our competitive advantage, according to Frost & Sullivan. We produce all of our composite molds in-house.

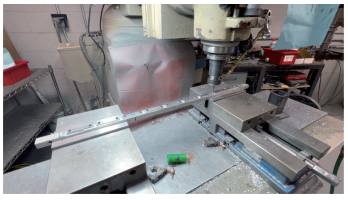
The following images demonstrate various stages of aircraft production from composite lay-up, wing bonding, metal works, final assembly to painting:



Various stages of aircraft production from composite lay-up



Wing bonding



Metal works



Final assembly



Painting

A. *Ply-cut:* Once received, the composite materials must remain at a pre-specified, cold temperature to reach a certain level of pliability, which the production team tracks using a first-in, first-out method. Once the composite materials are prepared for cutting, they are nested to capture the most use out of the composite materials so as to reduce costs and minimize waste, and both automated and manual ply-cutting technologies are used. The ply-cutting process is monitored by strict quality control procedures to ensure that all quality control requirements are met.

B. *Lay-up:* Once the plys have been prepared, they are put into kits and transferred for mold lay-up sequencing. The production team carefully factors in daily and weekly production needs to determine which parts are molded first. The lay-up process involves the parts being pressed into exact locations at certain temperatures by use of heat guns.

C. *Bagging:* Once the parts have been laid-up into their molds, they are packaged with an airtight plastic film that exerts a vacuum to hold the plys together and to remove air.

D. *Oven Curing:* There are two types of curing: oven curing and autoclave curing. Autoclave curing involves curing the parts in a pressure vessel that exerts high pressure and temperature.

E. *De-tooling:* Once hardened, the plastic film is removed, and the parts undergo a de-tooling process by which the parts are removed and organized into their various functions.

F. *Trim and drill:* The parts undergo clean-ups through automated and manual trim and drill procedures.

G. *Clean and coat:* Once in final form, the parts are cleaned and the molds coated with a release agent in preparation for another cycle to produce the next part.

H. *Quality control:* Various quality control processes are in place, such as visual inspection, 12 axis ultrasonic testing, non-destructive inspection and more. Our quality control team members assess the finalized parts to eliminate possible defects such as voids, wrinkles, dimensions, porosity and more.

Stage Two: Bonding — The finalized parts are then shipped to our manufacturing facility in Duluth, Minnesota, where the parts undergo a composite bonding (adhesive gluing) process. In the bonding process, the composite part surfaces are carefully prepared to bond the parts together. After the part surfaces are prepared, the adhesive is applied and the parts are bonded together under heat and pressure. The assemblies are then body-worked to a smooth finish and primed with a first layer of primer.

Stage Three: Assembly — The assemblies, now aircraft, are processed on the assembly line at successive stations for major assembly attachment, wire harnesses installation, mechanical systems and components from metal works installation, avionics installation, propulsion installation and other processes.

Stage Four: Paint — Next, the aircraft goes through the painting process at our painting center in Duluth, Minnesota which is adjacent to the main manufacturing facility.

Stage Five: Flight Test and Certification — Once assembled and painted, the aircraft undergoes rigorous quality control inspections and production flight testing. The flight testing involves at least three cycles of flights before being approved for a certificate of airworthiness at our facility in Duluth, Minnesota.

The entire process requires approximately 51 days and 98 days for the SR2X Series and Vision Jet, respectively excluding optional upgrades and customization.

We purchase certain of our components (e.g., propulsion and avionics components) from our third-party suppliers, which we believe affords us with greater scalability and flexibility. However, we retain production of components in-house whenever we have an interest in preserving or developing technological know-how or whenever we believe that outsourcing would impair the efficiency and flexibility of our production process such as our composite parts, which we can manufacture for a lower cost and at a higher quality as compared to our competitors, according to Frost & Sullivan. During the Track Record Period, 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.

Production Facilities

We own and operate two manufacturing facilities, including a composite parts manufacturing facility in Grand Forks, North Dakota and a final aircraft assembly and production flight test center in Duluth, Minnesota. See "— Property" for more information about our facilities.

The final aircraft assembly center is where all inputs from the production process are assembled to complete an aircraft for delivery. Given the highly specialized nature of aircraft manufacturing, certain parts of our respective production processes specialize in either the SR2X Series or the Vision Jet. In other areas of our operation, we can mix both products (the SR2X Series and the Vision Jet) together to achieve higher efficiency and lower cost.

Following assembly, completed aircraft are verified to meet regulatory and quality standards including production flight tests. During the Track Record Period, we produced 1,937 aircraft for delivery, which includes aircraft kits that can be assembled into aircraft. Current production operations are primarily conducted first shift supplemented by limited second shift and weekend operations in composites part fabrication in Grand Forks, North Dakota and paint and finishing in Duluth, Minnesota. See also "— Aircraft Orders and Delivery" for discussions on the constraints we face in increasing our production rate.

Our manufacturing facilities generate gaseous chemical wastes, liquid wastes, wastewater and other industrial wastes at various stages of the manufacturing process. As a result, we are subject to stringent environmental, health and safety laws and regulations addressing air pollutant emissions and discharge of treated wastewater and establishing standards for the treatment, storage and disposal of hazardous wastes. Some of these laws and regulations require our facilities to operate under permits that are subject to renewal or modifications. We have adopted various policies to address a broad range of possible scenarios within our manufacturing facilities, including emergency response plans, spill prevention control and countermeasures, fire prevention plans, hazardous waste program, explosive material handling policy, and stormwater pollution plans. Such policies typically make provision for appropriate employee training, monitoring requirements, reporting procedures, site restoration measures and the appointment of designated members of staff who have been trained to ensure compliance, and are reviewed and updated periodically.

The health and safety of our employees is of critical importance to us and we are required to comply with a range of health and safety laws and regulations. We review our health and safety standards on an ongoing basis and our operations are subject to health and safety inspections by government authorities at regular intervals. Our proprietary training program, Cirrus University, provides both new and existing employees with access to more than 100 courses, including courses which emphasize safety within the workplace such as safety orientation, safety reporting procedures, the proper use of plant site equipment, production floor protocol and personal protective equipment requirements. We also conduct walk-through inspections of our manufacturing facilities to verify safety conditions on a weekly basis and plant audits on a monthly basis.

Our production capacity and utilization rate by number of certified aircraft produced during the Track Record Period is reflected below:

SR2X

	Production Capacity[1] (Weekly Output)	Actual Units Produced[2] (Avg Weekly Output)	Utilization Rate[1]
2021	10.0	10.3	103%[3]
2022	12.3	11.4	93%
2023	14.0	13.0	93%

Vision Jet

	Production Capacity[1] (Weekly Output)	Actual Units Produced[2] (Avg Weekly Output)	Utilization Rate[1]
2021	2.0	1.8	90%
2022	2.0	1.9	95%
2023	2.2	2.0	91%

Notes:

(1) Production capacity and utilization rate are based on the shift schedules, staffing and equipment available during the relevant period, based on the management's estimates.

(2) Actual units produced is based on number of aircraft and kits produced.

(3) We were able to overperform the capacity estimates on SR2X.

We do not believe the utilization rate and efficiency of our assembly lines for aircraft during the Track Record Period accurately reflects our production capability, primarily because of pandemic-related labor force anomalies, constrained regional labor (particularly in Grand Forks, North Dakota and Duluth, Minnesota), supply chain disruption, and currently available facility space. Our near-term measures have addressed processes where we have bottlenecks. For example, we have alleviated regional labor constraints with contract labor, and the transition of our Product Development group to our Innovation Center in Duluth, Minnesota, which is over 180,000 square feet, will allow for further production expansion. We have mitigation strategies in place to continue to overcome constraints at our production facilities. At our Grand Forks, North Dakota production center, to reduce the time required to onboard new employees, we have implemented improved training systems including training curriculum, increased training staff and created a dedicated training area. In addition, we are developing standardized work instructions, including sequence of events and operational methods sheets. To help mitigate impacts from the challenging labor market, we have developed relationships with contract labor firms which has resulted in shorter lead times to acquire staff. In addition, rate tooling and equipment that are not upgraded or re-calibrated in advance of production rate increases can also become bottlenecks if not addressed as these take time to upgrade or recalibrate and may need to be done sequentially to other updates. To mitigate, we conduct planning to ensure requirements for rate tooling and equipment are thoroughly understood and planned out in advance of production rate increases.

To increase efficiency and assist in growth though reduced unit labor requirements, we have been developing our proprietary Cirrus Operating System to establish and standardize operational methods, integrate our manufacturing systems, promote mixed model capability on the same production line and automate current work processes. Additional resources are also required to develop the supply chain and tighten supplier agreements to not only ensure growth support, but to increase predictability of delivery and costs.

Production Capacity

We are focused on expanding our production capacity by increasing our weekly output of deliverable aircraft of our existing series and expanding our production lines to accommodate newer models in the future. As of the Latest Practicable Date, we had a backlog of 1,383 aircraft. Since inception up to the Latest Practicable Date, we have delivered over 9,500 SR2X Series aircraft and over 500 Vision Jet aircraft.

Our production cycle follows a master production schedule that is reviewed by an executive committee comprised of individuals in the operations organization and is prepared to account for and mitigate the effects of seasonality, including any production delays that may arise as a result of fluctuations in cold weather at our facilities, particularly in Duluth, Minnesota and Grand Forks, North Dakota, which typically experiences a lot of snow, as well as other factors, such as shortages from suppliers and workforce availability and retention. Our production processes operate on a first-in, first-out method to ensure that we utilize our available inventory with efficiency. See "Risk Factors — Risks Relating to Our Business and Industry — Our financial results may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs" for more information.

Suppliers and Procurement

Our five primary areas of procurement are (1) avionics and electrical, (2) fabrication, composites and raw material, (3) propulsion and landing gear, (4) interior/environmental control system/safety, and (5) indirect sourcing. We value our strong relationships with our suppliers who play an integral role in helping us deliver quality and safe aircraft to our customers, and we seek strategic collaborations with qualified suppliers to streamline our supply chain. See "— Top Customers and Suppliers" for more information about our top five largest suppliers in each year during the Track Record Period.

We view the supply chain as a strategically critical area. Due to the limited volumes, high switching costs, and challenges in developing multiple supplier relationships, we depend on relationship development, market analysis, and long-term agreements to maintain a healthy supply base. We also engage with key suppliers on strategic product development to advance critical

technologies and continuous improvement in reliability and quality. We are executing on a strategic sourcing plan that segments areas that are commodities for consistent market competition, segments to partner with such as Garmin, and segments to vertically integrate. We compliment this strategy with inventory control methods such as vendor managed inventory and just-in-time delivery of goods and materials.

We have stringent procedures and screening criteria for the selection of our suppliers, including, but not limited to technical performance, production capacity, timeliness of delivery, quality control, safety procedures and cost. All of our suppliers are required to comply with FAA rules and regulations, as well as our internal standards and policies, by which we conduct periodic reviews (including on-site evaluations) to assess quality and performance. We require our suppliers to be punctual in their deliveries and to meet our quality processes for the components they supply to us. See "Risk Factors — Risks Relating to Our Business and Industry — 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" for more information. Other than as discussed in the section "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — February 2023 Airworthiness Directive," we did not experience any significant delays from any of our third-party suppliers during the Track Record Period and as of the Latest Practicable Date. During the Track Record Period, approximately 95% of our supplies in terms of costs were sourced from suppliers located in the United States. Apart from one supplier located in the United Kingdom, all critical flight systems and components were sourced from suppliers located in the United States.

We constantly seek to diversify our supply chain to mitigate the risks associated with potential dependence on individual suppliers or supply chain disruptions. Geopolitical events and economic conditions continue to interrupt the global supply chain, increasing lead times and increasing inflationary pressures on costs.

While the components that we purchase for our aircraft are generally commercially available, lead times for our various parts and components fluctuate significantly and are dependent on multiple factors, including contract terms, demand and the particular supplier involved. Given the intensely specialized nature of the manufacturing process, particular design parts are typically produced by single, qualified suppliers. However, we do not believe we have material reliance on our key suppliers, as commercially viable alternatives exist for components provided by all of our key suppliers and can be implemented into existing airframes following FAA program approval (if needed). We have multiple qualified third-party suppliers for our parachute design for our CAPS to mitigate risk of any disruptions to our supply chain. We regularly monitor for and maintain a list of alternative suppliers with commercially reasonable terms. Furthermore, we have long term

agreements with each of our key suppliers, and have an established relationship with each of our key suppliers, with at least 10 years of commercial dealings, making it unlikely that there would be a material change of our relationship with our key suppliers. Our key suppliers have also invested time and cost to create components specifically tailored to the specifications of our aircraft, making them dependent on us to make a return on their investment. As a result, our relationships with our key suppliers are mutually dependent and complementary. In addition, we have procured components from our key suppliers because they are significant manufacturers in their field. As a result, in the general aviation industry, it is an industry norm for aircraft manufacturers to use single source suppliers for specific components, especially considering the high cost entry barriers, including the need to obtain FAA certification for components, and long program development times for alternatives, according to Frost & Sullivan.

We enter into long-term agreements with suppliers for our engine, avionics and composite raw materials, with the key terms of our agreements including a detailed description of the specifications and quantity of the products to be received (and any ability to change such specifications), the purchase price, the delivery conditions and the consequences in the event of supplier's delay in delivery. Our major obligations as a purchaser under our long-term agreements are to make specification selections, to take timely delivery of the products from the suppliers and to make the required payments in accordance with the agreements. We also maintain supply agreements with suppliers providing license rights to use embedded technology in our aircraft.

Our agreements with suppliers typically include terms ranging from three to six years, with some containing automatic renewal provisions that range between two and three years, providing us with predictability and greater control of pricing. Our agreements with suppliers do not include minimum purchase commitments. Instead, we place orders with our suppliers from time to time according to our supply requirements and may, as applicable, provide our suppliers with non-binding, good faith quarterly forecasts for the quantities and delivery dates of the products estimated to be required during future periods from 12 to 18 months on average. We are generally obligated to pay our suppliers net 30 to 60 days after receipt of invoice in accordance with the pricing terms set out in our supply agreements. Most of our supply agreements contain price adjustment provisions that allow for the base prices of products to be adjusted on an annual basis. Product price adjustments are typically determined by the prevailing market and economic conditions and are subject to our review and feedback. All of our key suppliers are independent third parties, save for Continental which 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. See "Connected Transactions" for additional information regarding our connected relationship and transactions with Continental. Termination of supply agreements is generally

permitted in instances of a default by either party. During the Track Record Period and as of the Latest Practicable Date, we did not experience any breaches of our key supply agreements by our key third-party suppliers, nor did we breach any such terms.

Inventory Management

As a build-to-order manufacturer, we use a rolling, twelve-month forecast based on order history; product, service and warranty demands; backlog and anticipated product orders. We have inventory management policies and systems in place to monitor fluctuations in the supply chain and to ensure that we carry appropriate inventory to account for variations in demand and possible disruptions while reducing cost of ownership. For example, we hold inventory of our most costly items (e.g., propulsions and avionics systems) to cover demand for one to 1.5 weeks, whereas we hold inventory of low-cost items (e.g., small engine components) to cover demand for four to six weeks. We utilize a consignment approach with many of our suppliers, in which the parts received from our suppliers and held in our possession remain the property of our supplier and are not counted as our inventory until we open the boxes or consume the material in our manufacturing process. The suppliers for low-cost items are on a third-party logistics system in which we do not pay for the parts until we consume them. These suppliers regularly monitor and replenish our inventory as needed.

Airworthiness Directives, Quality Control and Assurance

We are required to comply with U.S. federal regulations as they relate to our quality system, oversight of suppliers, design control and control of tooling and software. Our quality control team is responsible for ensuring the quality and reliability of our aircraft through a team of over 100 employees as of December 31, 2023, that is independent from our production team. This quality control and assurance system is a basis for our production certificate from the FAA, which together with our FAA type certificates enables us to produce aircraft that receive FAA airworthiness certificates that support the sale and operation of an aircraft. This includes demonstrating compliance with federal regulations that dictate the quality system, the oversight of suppliers, the control of design, the control of tooling and the control of software.

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. With respect to delivered aircraft, the owner or operator of an aircraft is primarily responsible for maintaining that aircraft in an airworthy condition, including compliance with airworthiness directives. Accordingly, legal enforceability of an airworthiness directive does not run directly to the manufacturer of an aircraft as a general matter, except that the manufacturer is responsible for

complying with an applicable airworthiness directive for any aircraft it owns or operates itself, and where the manufacturer is the type certificate holder for the product concerned it may be responsible for submitting design changes to the FAA for approval and then making descriptive data for approved changes available to operators of affected aircraft. 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.

Distinct from an obligation to the FAA, for affected delivered aircraft that are in operation, we may be required by commercial contract with our customers (e.g., a warranty) to perform and bear the cost of actions necessary to comply with an airworthiness directive. For undelivered aircraft, we will perform and bear the cost of actions necessary to comply with an airworthiness directive, which is necessary for the aircraft to obtain a certificate of airworthiness before it can be delivered. As a result, we have a process whereby we monitor and assess the impact of airworthiness directives that may apply to our aircraft. In the event our aircraft are impacted, we typically address any issues in our normal course of business.

During the Track Record Period and up to the Latest Practicable Date, the FAA issued four airworthiness directives that were applicable to our aircraft and/or components installed on our aircraft, the details of which are set forth below:

- Airworthiness directive AD 2023-09-09 related to Continental engines installed on some of our aircraft.

  Airworthiness directive AD 2023-09-09 required 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 is applicable to our SR22 and SR22T models with turbocharged Continental engines. 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. The airworthiness directive mandates that all spot-welded, multi-segment V-band couplings used in the prescribed application will now bear a life limit of 500 hours time-in-service, such that that the affected part must be removed and replaced with a new one at or prior to the life limit. Further, required actions include an initial review of aircraft maintenance records within 50 hours time-in-service after the effective date of the airworthiness directive, i.e. July 17, 2023 and inspection of the V-band coupling no less frequently than every 12 months. The FAA issued Special Airworthiness Information Bulletin SAIB CE-18-21 in 2018 recommending best practices with respect to design, installation, and inspection of

V-band couplings, at which time we incorporated such inspections into our annual inspection criteria. As a result, we do not foresee any incremental inspection workload or additional costs being incurred due to this airworthiness directive.

- Airworthiness directive AD 2023-04-20 was adopted for all of our Vision Jet aircraft. For further details on AD 2023-04-20, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — March 2023 Airworthiness Directive."

  Airworthiness directive AD 2023-04-20 primarily required implementing procedures set forth in the relevant service bulletin issued by us within 25 hours of time-in-service after the effective date of the airworthiness directive. We are responsible for implementing the service bulletin for our customers' aircraft under our warranty. As a result of airworthiness directive AD 2023-04-20, we incurred and/or expect to incur certain costs for implementing the service bulletin under our warranty, as well as for implementing related product enhancements. For any issues caused by supplier defect, we will seek and get reimbursement via supplier warranty. All such costs to implement and certify the relevant remedies and product enhancements fell within our normal forecasted budget for warranty and sustaining product engineering, and therefore, will not have a material adverse effect on our operations or financial performance. The corrective actions outlined in the service bulletin and the airworthiness directive, when implemented on each affected aircraft, fully satisfy the airworthiness, operating and safety requirements of airworthiness directive AD 2023-04-20. A service bulletin comprising a product enhancement was issued on December 1, 2023 to restore the functionality disabled by the airworthiness directive. For airworthiness directive AD 2023-04-20, (a) in connection with implementing the relevant service bulletins 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$137,000, and (ii) are expected to incur approximately US$1.1 million of additional expenses, and (b) 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.

- Airworthiness directive AD 2023-04-08 related to Continental engines installed on some of our aircraft. For more details on AD 2023-04-08, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — February 2023 Airworthiness Directive."

  In the case of this airworthiness directive, Continental is responsible for root cause identification and corrective action. We are not required to undergo any re-design or certification, and the direct costs of inspections and repairs are expected to be reimbursed in full by Continental. Specifically, barring any further findings from Continental, we expect the issue identified by AD 2023-04-08 to be fully addressed once all fielded aircraft have had inspection completed. We will continue to operate in accordance with our existing quality control policies and procedures (including supplier quality) to ensure incoming engines are compliant. As of the Latest Practicable Date, 469 out of 537, or approximately 87%, of affected aircraft have had the service bulletin procedures performed.

- Airworthiness directive AD 2022-03-15 related to Garmin's G3X Touch Electronic Flight Instrument System which is installed on some of our aircraft.

  In the case of this airworthiness directive, the component manufacturer, Garmin, is responsible for arranging and expensing the remedy by way of supplier or aftermarket warranty. The implicated components were neither offered nor installed as original equipment by us, nor as a factory-offered option on new Cirrus aircraft. Instead, they were offered by unaffiliated third-party vendors to owners to install as aftermarket upgrades or replacements on Cirrus SR2X aircraft (as well as many other aircraft from other manufacturers). As such, we do not bear any responsibility for implementing or executing the remedies, as such a modification would not be covered under a new aircraft warranty. Therefore, we do not expect to incur any financial impact from airworthiness directive AD 2022-03-15. With respect to airworthiness directive AD 2022-03-15, we are not in a position to assess whether the underlying issues have been fully addressed, which would be an issue for Garmin to address.

The table below summarizes certain details of the four airworthiness directives:

No.	Airworthiness Directive ("AD") document no., issuance date and effective date	Background and Requirements of the AD	Responsible party for rectification	Subsequent measures taken by the Group (if applicable)	Whether the underlying issue(s) were fully addressed	Cost incurred or to be incurred by us
1.	AD 2023-09-09 Issuance date: June 12, 2023 Effective date: July 17, 2023	• This AD was adopted for turbocharged, reciprocating (i.e., piston) aircraft engines with a certain V-band coupling installed, irrespective of manufacturer. • This AD 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. • The AD calls for the following compliance steps: 1. All spot-welded, multi-segment V-band couplings will bear a life limit of 500 hours time-in-service ("**TIS**") (i.e., the affected part must be removed and replaced with a new one at or prior to the life limit). 2. An initial review of aircraft maintenance records within 50 hours TIS of the effective date of the AD 3. Inspection of the V-band coupling no less frequently than every 12 months. • No requirement for grounding the aircraft.	• Engine manufacturer (i.e., Continental)	• The FAA issued Special Airworthiness Information Bulletin SAIB CE-18-21 in 2018 recommending best practices with respect to design, installation, and inspection of V-band couplings. Cirrus has already incorporated such inspections into its Annual Inspection criteria; as a result, AD 2023-09-09 creates no incremental inspection workload.	• Not applicable	• None

No.	Airworthiness Directive ("AD") document no., issuance date and effective date	Background and Requirements of the AD	Responsible party for rectification	Subsequent measures taken by the Group (if applicable)	Whether the underlying issue(s) were fully addressed	Cost incurred or to be incurred by us
2.	AD 2023-04-20 Issuance date: March 6, 2023 Effective date: March 21, 2023 For further details on this AD, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — March 2023 Airworthiness Directive."	• This AD was adopted for all Vision Jet aircraft. • This AD was prompted by reports of an accident and an incident due to uncommanded activation of the Cirrus Airframe Parachute System ("**CAPS**") autopilot mode while in flight. • This AD requires implementing the procedures in a Cirrus service bulletin (SB5X-90-14R1) within 25 hours time-in-service ("**TIS**"). • No requirement for grounding the aircraft.	Our Company is responsible for implementing the service bulletins for our customers' aircraft under our warranty.	• We issued a service bulletin to address the issues. • Although not required under the AD, we have developed product enhancements, contained in a service bulletin issued December 1, 2023, to restore any functionality lost as a result of the AD.	The corrective actions outlined in the service bulletin and AD, when implemented on each affected aircraft, fully satisfy the airworthiness, operating and safety requirements of the AD. As a result, we do not expect any material adverse impact on our operations from the AD going forward.	• Costs for Implementing Service Bulletin: We implemented Service Bulletin SB5X-90-15 to address the issue identified in AD 2023-04-20. As of the Latest Practicable Date, we had incurred costs of approximately US$137,000. Expected additional cost of implementation is approximately US$1.1 million. The majority of the costs are expected to be incurred in 2024.

No.	Airworthiness Directive ("AD") document no., issuance date and effective date	Background and Requirements of the AD	Responsible party for rectification	Subsequent measures taken by the Group (if applicable)	Whether the underlying issue(s) were fully addressed	Cost incurred or to be incurred by us
3.	AD 2023-04-08 Issuance date: February 23, 2023 Effective date: February 23, 2023 For further details on this AD, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — February 2023 Airworthiness Directive."	• This AD was adopted for certain reciprocating engines manufactured by Continental. • This AD was prompted by a report of a quality escape involving improper installation of counterweight retaining rings in the engine crankshaft counterweight groove during manufacture. • This AD requires implementing the procedures in a Continental service bulletin before further flight.	Continental	• 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 COA and were awaiting customer delivery. • Operations of our corporate fleet of affected aircraft had been suspended. All inspections of affected corporate fleet aircraft had been completed by June 2023 • We immediately contacted affected customers to inform them of the service bulletin and AD. • 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 estimate that delivery of a total of 40 SR22 and SR22T airplanes were delayed on average by three to four weeks.	We expect the issue to be fully addressed once all fielded aircraft have had inspections completed. As of the Latest Practicable Date, 469 out of 537, or approximately 87% of aircraft have had the service bulletin procedures performed.	• Direct costs of inspections and repairs are expected to be reimbursed in full by Continental. • We are not required to perform any re-design or certification.
4.	AD 2022-03-15 Issuance date: February 14, 2022 Effective date: March 21, 2022	• This AD is adopted for various airplanes modified with certain configurations of Garmin flight instrument systems. • This AD was prompted by a report of a fuel quantity disparity between the amount of fuel indicated and the actual amount of fuel. • This AD requires complying with certain Garmin mandatory service bulletins within 100 hours TIS or within 12 months, whichever occurs first. • No requirement for grounding the aircraft.	Garmin	Not applicable.	Not applicable.	None.

None of these airworthiness directives involved a grounding of Cirrus aircraft without an already identified solution for returning the aircraft to service. Unlike in the automotive industry, recalls of aircraft are not a practice in the aviation industry, according to Frost & Sullivan. All of these airworthiness directives required the owner or operator of affected aircraft to perform an inspection and/or implement certain procedures or remedies within a certain timeframe.

Based on the information in the above table, during the Track Record Period and up to the Latest Practicable Date, none of these airworthiness directives issued by the FAA applicable to our aircraft and/or components installed on our aircraft had a material adverse effect on our operations or financial performance. In addition, based on the information in the above table, these airworthiness directives are not expected to have a material adverse effect on our operations or financial performance in the future.

We have adopted a uniform quality system, which enables our management to monitor our production activities through multiple key performance indicators and to take prompt corrective action whenever necessary. We believe that this approach facilitates the sharing of know-how and best practices across our products. At the same time, we have developed a comprehensive training system for our technicians that includes tailored manuals, procedures and operating instructions for each of our products to protect their distinctive characteristics. We track all technician and specialist training in a learning management system and require additional training for specialized processes, such as welding and non-destructive inspections.

We have an air safety team dedicated to handling significant incidents and accidents in accordance with our aircraft incident/accident response plan. Our air safety team reviews all reported aviation safety events relative to risk assessments used in Type Certification, designs system safety assessments for certification and assesses each event relative to the safety management system. Our air safety team is normally a designated party member or technical advisor for certain NTSB investigations, fully participating in accident investigations. Our air safety team also coordinates with our Airworthiness and Organization Designation Authorization department for independent assessments of significant incidents and accidents relative to certain FAA reporting requirements.

In the event of an aircraft accident subject to NTSB investigation involving our aircraft, our air safety team will, if possible, go to the accident site, and will, if invited, work with authorities including the NTSB and FAA to determine the cause of the accident. The NTSB has the authority to investigate each accident involving a civil aircraft in the United States, and U.S.-registered civil aircraft when an accident occurs in international waters, as well as to participate as an accredited representative in certain international aviation investigations of civil aircraft accidents in foreign countries. U.S. federal aviation law and regulations provide for detailed procedures to be followed by the aircraft operator in the event of an "aircraft accident" or a "serious incident" as defined by the NTSB. In particular, the operator of an aircraft (not the manufacturer) is required to notify the nearest NTSB office immediately in the event an accident has occurred, an aircraft is overdue and is believed to have been involved in an accident, or there has been a serious incident. The operator must also file a detailed report within ten days after an accident or after seven days if an overdue aircraft is still missing; such a report for a serious incident is filed only upon NTSB request. An operator that fails to comply with NTSB civil aircraft notification and reporting requirements is subject to civil penalties.

According to the NTSB, if an accident or serious incident occurs in a foreign state involving a U.S.-registered civil aircraft, U.S. operator, or U.S.-designed or U.S.-manufactured aircraft, and the foreign state is a signatory to the Chicago Convention on International Civil Aviation, that state is responsible for the investigation and controls the release of all information regarding the investigation. The foreign state must notify the NTSB of the accident, which begins the NTSB's participation in the international aviation accident investigation under the process set forth in Annex 13 of the Convention on International Civil Aviation. Annex 13 outlines how accident investigation participating states are determined, as well as the process leading to the issuance of an accident investigation preliminary report (within 30 days of the event) and final report (as soon as possible or within 12 months of the event). As a result, from time to time in the ordinary course of our business, our aircraft are subject to reports and investigations by certain aviation regulatory authorities.

For the years ended December 31, 2021, 2022 and 2023, we recorded a non-fatal accident rate per 100,000 flight hours across our fleet of 1.43, 2.24 and 1.60, respectively, and a fatal accident rate per 100,000 flight hours across our fleet of 0.68, 0.64 and 0.87, respectively. By comparison, for the year ended December 31, 2022, non-fatal and fatal accident rates per 100,000 flight hours for personal general aviation, as compiled by the NTSB, were 4.39 for non-fatal accidents and 0.95 for fatal accidents.

Unlike in the automotive industry, recalls of aircraft are not a common practice in the aviation industry, according to Frost & Sullivan. When the FAA issues an airworthiness directive, the FAA assigns responsibility to the owner or operator (not the manufacturer) of an affected aircraft to accomplish certain actions within a certain timeframe to ensure that the aircraft is airworthy. This legal framework differs from a product recall whereby a product is asked to be returned to the manufacturer after the discovery of safety issues or product defects that might endanger the consumer. During the Track Record Period and up to the Latest Practicable Date, none of the airworthiness directive applicable to the Company's aircraft and/or components which could be installed on our aircraft involved a grounding of our aircraft without an already identified solution for returning the aircraft to service. Based on the foregoing, during the Track Record Period and up to the Latest Practicable Date, we have not experienced any material recalls on our aircraft.

During the Track Record Period and up to the Latest Practicable Date, (i) we have not been found liable or at fault by any regulatory or judicial authority with respect to any accident or serious incident (as each such term is defined by the NTSB) involving our aircraft, (ii) there has not been any regulatory enforcement action against us as a result of any accident or serious incident (as each such term is defined by the NTSB) in connection with our aircraft, and (iii) there have been no accidents or fatalities involving our aircraft that were judicially determined to be a result of any product defect, in each case, including in connection with the circumstances leading to the issuance of each of the airworthiness directives applicable to the Company's aircraft and/or components which could be installed on our aircraft. Based on the foregoing, during the Track Record Period and up to the Latest Practicable Date, no material manufacturing defects have been identified by any regulatory or judicial authority. Even if the results of any regulatory investigation are inconclusive or may involve an issue with the aircraft, we maintain adequate insurance levels to address litigation or other resolutions of disputes, regardless of the location of the accident or incident.

During the Track Record Period and up to the Latest Practicable Date, we have addressed all customer complaints received regarding certain aircraft issues appropriately in a timely manner, and we did not receive any material claims or penalties as a result of these issues. Based on the foregoing, we did not receive any material complaints during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, (1) taking into consideration our insurance coverage, we have not experienced any material disputes and/or product liability claims due to a product defect for which we have been found liable, and (2) we have not been found liable for any product defect. During the Track Record Period, our accrued product liability was US$33.4 million, US$57.5 million and US$35.3 million as of December 31, 2021, 2022 and 2023, respectively. During the Track Record Period, our reinsurance recoverable was US$19.5 million, US$42.2 million and US$21.4 million as of December 31, 2021, 2022 and 2023.

During the Track Record Period, in the ordinary course of our business, we have been subject to product liability claims based on various tortious theories of liability arising from incidents involving our aircraft, including based on product defect (for details of the theories of liability that can be made in connection with product liability claims, see "Regulatory Overview — Product Liability and Consumer Protection"). Although we have disputed — and continue to dispute — each and every one of the claims made on any of these theories (including product defect) during the Track Record Period, we must accrue for product liability based on the actuarial valuations. Furthermore, given the accrued product liability is an estimate based on various factors and does not correlate specifically to particular incidents or cases, it is not possible to determine what amount relates to each particular theory of product liability claims, including for example product defect.

Our reserves for product liability loss exposure and recovery from insurance providers is determined by reviewing loss estimates of our lead underwriter as well as an actuarial assessment performed by our insurance broker. The exposure and recovery from insurance provider is calculated by taking into account the ultimate self-insured retentions for that specific year and represent 100% values. The lead underwriter determines estimated total loss exposure by examining field-related incidents; establishing an estimate of potential liability exposure based on the facts of the incident and possible theories of liability, jurisdiction, and other factors; and determining legal and other fees that may be incurred. See Note 2.17 to the Accountant's Report included in Appendix I to this Document for more information on the relevant accounting policy. The accrued product liability is therefore an estimate based on various factors within the policy years and does not correlate specifically to particular incidents or cases. Actuarial valuation is performed at least annually to determine the amount. Any new development of existing cases or change of number of cases will affect the size of the liability.

As we carry product liability insurance, with a portion of this insurance coverage being done via reinsurance instruments, we recognize as current assets reinsurance recoverable for product liability that represents both the direct and reinsurance markets. Therefore, although the amount of accrued product liability may be adjusted following updates to the estimate of overall loss exposure for all cases at least annually based on the various factors discussed above, to the extent any adjustment results in product liability exceeding our aggregate exposure amounts, we will correspondingly recognize reinsurance recoverable as a current asset and a corresponding liability for this exposure. See "— Insurance" for more information on our insurance coverage.

Cirrus Operating System

The Cirrus Operating System establishes and standardizes advanced manufacturing and supply chain processes by helping to integrate our end-to-end business systems and processes and supporting mixed model capability (i.e., the ability to produce parts and assemblies of various models simultaneously on the same production line). See "— Production — Production Process and Facilities." We will continue to introduce our Cirrus Operating System into our workflows to find additional opportunities to capitalize on improved efficiency including cost reduction and output growth. Our Cirrus Operating System is designed to bring about cost efficiencies, including but not limited to the following benefits: (i) streamline our supply chain; (ii) standardize our manufacturing processes; (iii) improve our quality processes; (iv) enable flexibility to market changes; (v) optimize product and employee safety; (vi) optimize direct labor and manufacturing overhead employee productivity; and (vii) reduce unnecessary inventory.



SALES AND MARKETING

Our Sales Model

Our sales model is premised on maintaining a direct presence in strategic, geographical markets, and maximizing our market coverage through a solid and extensive partner network of authorized service centers and authorized training facilities. As of December 31, 2023, we had established a sales presence in more than 36 countries around the world, enabling us to reach customers on a global scale. Each of our four geographic regions is managed by an individual executive director per region who oversees the sale of our SR2X Series and Vision Jet aircraft.

The following table sets forth geographical locations of customers in terms of number of aircraft for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
North America	422	79.9	486	77.3	578	81.7
Europe	50	9.5	60	9.5	47	6.6
Other[(1)]	56	10.6	83	13.2	83	11.7
Total[(2)]	**528**	**100.0**	**629**	**100.0**	**708**	**100.0**

Note:

(1) Other refers to Africa, Asia, Australia, and Latin America. We did not sell any aircraft to customers located in the PRC.

(2) Does not include aircraft kits that can be assembled into aircraft.

The following table sets forth revenue from aircraft based on geographic locations of customers during the Track Record Period:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
North America	489,674	79.0	600,334	79.0	761,184	83.1
Europe	66,764	10.8	68,418	9.0	60,925	6.7
Other[(1)]	63,174	10.2	90,988	12.0	93,545	10.2
Total	**619,612**	**100.0**	**759,740**	**100.0**	**915,654**	**100.0**

(1) Other refers to Africa, Asia, Australia, and Latin America.

Substantially all of our aircraft are delivered at our Knoxville, Tennessee facility.

The following table sets forth the breakdown of the number of aircraft purchased by customers under the two models for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
Direct Sales Model	420	79.5	483	76.8	584	82.5
CSA Model	108	20.5	146	23.2	124	17.5
Total[(1)]	**528**	**100.0**	**629**	**100.0**	**708**	**100.0**

(1) Does not include aircraft kits that can be assembled into aircraft.

The following table sets forth the breakdown of revenue for aircraft purchased by customers under the two models for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Aircraft						
Direct Sales Model	487,679	78.7	597,554	78.7	772,924	84.4
CSA Model	131,933	21.3	162,186	21.3	142,730	15.6
Total	**619,612**	**100.0**	**759,740**	**100.0**	**915,654**	**100.0**

The following table sets forth the breakdown of the number of aircraft and revenue for aircraft sold under the CSA model by (i) contracts signed directly with the customer and (ii) contracts signed by the CSA:

CSA Model	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
Contracts with Customers	69	63.9	91	62.3	67	54.0
Contracts with CSAs	39	36.1	55	37.7	57	46.0
Total	**108**	**100.0**	**146**	**100.0**	**124**	**100.0**
	US$000	*%*	*US$000*	*%*	*US$000*	*%*
Revenue						
Contracts with Customers	94,881	71.9	109,980	67.8	80,274	56.2
Contracts with CSAs	37,052	28.1	52,206	32.2	62,456	43.8
Total	**131,933**	**100.0**	**162,186**	**100.0**	**142,730**	**100.0**

Note: The fluctuation in the number of aircraft and revenue for aircraft sold under the CSA model by (i) contracts signed directly with the customer and (ii) contracts signed by the CSA during the year ended December 31, 2023 as compared to the years ended December 31, 2021 and 2022 was primarily driven by (a) individual customer preferences, as the end customer may prefer to enter into the contract with the CSA for assistance with financing or delivery timing and (b) CSAs placing orders for aircraft without a prospective end customer in place in order to shorten the lead time for end customers. See "— Our CSA Model" below for details.

During the Track Record Period, seven of the CSAs were both our customers and suppliers for each of 2021, 2022 and 2023, respectively. Such CSAs contributed to 5.0%, 5.8% and 5.8% of our revenue during the same years, respectively, and 39, 55, and 57 aircraft were delivered pursuant to contracts with such CSAs during the same years, respectively.

During the Track Record Period, our total revenue generated from aircraft sold pursuant to contracts signed directly with our customers was US$582.6 million, US$707.5 million and US$853.2 million for 2021, 2022 and 2023, respectively, representing 94.0%, 93.1% and 93.2% of our total Aircraft revenue.

The following table sets forth the breakdown of the number of aircraft purchased by retail and fleet customers for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
Retail	522	98.9	597	94.9	658	92.9
Fleet	6	1.1	32	5.1	50	7.1
Total[(1)]	**528**	**100.0**	**629**	**100.0**	**708**	**100.0**

(1) Does not include aircraft kits that can be assembled into aircraft.

The following table sets forth the revenue breakdown of aircraft purchased by retail and fleet customers for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Aircraft						
Retail	616,307	99.5	738,553	97.2	884,625	96.6
Fleet	3,305	0.5	21,187	2.8	31,029	3.4
Total[(1)]	**619,612**	**100.0**	**759,740**	**100.0**	**915,654**	**100.0**

(1) Does not include aircraft kits that can be assembled into aircraft.

As of December 31, 2023, our direct sales network consisted of our in-house sales team of 30 employees. Our in-house sales team has extensive experience in sales and aviation. Sales team members are also demonstration pilots with commercial pilot certificates, responsible for both the customer business relationship and the flight demonstration experience, which promotes an enduring relationship with our customers and highlights the strength of our direct-to-customer model. In addition, we have extensive geographic sales coverage in our primary and secondary markets, ensuring quick response times to inquiries and provision of team members through flight demonstrations and informational sessions to prospective customers.

Direct-to-Customer Model

We build and operate our own sales and distribution infrastructure and sell our products directly to our users. We believe that our direct-to-customer model not only improves economic and operational efficiency significantly, but also provides our users with a distinctive purchasing experience consistent with our values and brand image.

We have deployed a direct-to-customer model in the United States from the outset. The main competitors in the piston segment have historically primarily relied on dealers to provide aircraft sales and service in the United States, according to Frost & Sullivan. Our direct-to-customer model allows us to engage directly with our customers without having to work through an intermediary. We endeavor to establish a personal relationship with each of our customers through our client relations manager system. Our system assigns a delivery experience advisor to accompany each customer throughout their personal aviation experience from flight demonstrations to the delivery of an aircraft and beyond to support a customer when they are interested in upgrading to a newer aircraft. Each of the direct sales teams and executive directors is supported by a sales demonstrator aircraft, and we maintain a rotating fleet of the latest aircraft models for live demonstrations to our customers. Further, the direct-to-customer model provides a competitive advantage by expediting the speed at which our sales team can schedule flight demonstrations with customers and reduces brand dilution that would occur as a result of third-party dealer involvement. It also helps to foster long-standing relationships with customers and help build the Cirrus community.

We provide overseas shipment services to our customers. For example, our Vision Center in Knoxville, Tennessee coordinates complex deliveries, including overnight disassembly and reassembly, equipment maintenance and refinement initiatives. As of the Latest Practicable Date, we have various authorized reassembly centers outside of the United States. For shipments to our reassembly centers outside of the United States, all reassembly is conducted in accordance with our authorized maintenance manual, which was developed by us and provides detailed technical maintenance instructions for our aircraft, and approved published procedures. For parts shipped to reassembly centers, customer contracts contain specific transference of risk terms, with risk

typically passing when the shipment leaves the Cirrus facility in the United States. All aircraft deliveries occur in the United States and customers who reside in other geographic locations arrange for transport back to their locations afterwards.

Our CSA Model

Our international sales efforts are primarily supported by a network of CSAs. Our CSA Model reduces barriers to entry in jurisdictions that we would otherwise find difficult to enter given costs associated with establishing brick-and-mortar locations and navigating various laws and regulations of foreign jurisdictions, such as differences in employment laws. By expediting and simplifying the purchase process for customers, our CSA Model bolsters our international presence and brand. Additionally, many of our CSAs provide post-sales services to customers (i.e., aircraft maintenance, parts sourcing, etc.), thereby helping to provide Cirrus aircraft owners outside the United States with the same ownership experience that our domestic customers enjoy.

Unlike our peers that use a dealership model in which each dealer may sell product lines from various brands at the same time, our CSA Model is advantageous in that our CSAs are generally required to sell Cirrus aircraft exclusively. The CSA Model thus aligns the motives and incentives of our CSAs with those of the Company better than other distribution channels. Our CSAs are remunerated by sales commission, which is based on a certain pre-agreed percentages of the relevant aircraft purchase contract value. CSA sales commission expense amounted to approximately US$8.3 million, US$12.5 million and US$13.3 million for the years ended December 31, 2021, 2022 and 2023, respectively. Each of our CSAs was a private company or natural person and an independent third party during the Track Record Period and as of the Latest Practicable Date.

While the sales agents are not our employees, they source potential end customers and facilitate marketing activities including the eventual sale of our aircraft, for us. All sales agents must operate a demonstration aircraft that is either a SR22 or SR22T model. Such demonstration aircraft must be no more than 12 months old and must be the latest available generation. Such demonstration aircraft may not be resold into the exclusive territory of another sales agent until they are at least 12 months old. Demonstration aircraft are typically sold by the CSAs to an end customer once the CSA obtains a new demonstration aircraft, typically annually. We verify those sales agents who conduct demonstration flights to ensure that they are licensed pilots, consistent with our internal sales team. All sales made through our sales agents must be approved by us.

We usually have a principal-agent relationship with our CSAs and sign the purchase agreement directly with the end customer identified by the CSA. We recognize the revenue generated from sales under our CSA Model with the sales price of the aircraft in accordance with the same principles as our direct-to-customer model as discussed in "Financial Information —

Significant Accounting Policies and Critical Accounting Estimates and Judgments — Significant Accounting Policies — Revenue Recognition." Once the CSA identifies a prospective end customer, the CSA will facilitate an initial deposit via wire transfer or credit card payment payable by the end customer directly to us, which is due at the time that an order is placed by the CSA for an aircraft. An additional deposit in the amount of 10% of the aircraft's expected total sales price is due 135 days before delivery of the aircraft, payment of which is facilitated by the CSA from the end customer via wire transfer or credit card payment directly to us. In some cases, namely in logistical circumstances to assist an end customer for financing-related reasons (for example, the CSA and end customer may want this arrangement as the CSA may be able to more easily facilitate a loan for the end customer to finance based on local tax regulation or financing entity requirements of the parties involved, requiring the CSA to import the aircraft before transfer to the end customer) or issues with timing of delivery, the contract will be entered into between the CSA and us. Contracts entered into between the CSA and us carry identical terms to the contracts entered into between an end customer and us. There are no differences in the pricing of our aircraft under the Direct-to-Customer Model as compared to the CSA Model.

In addition, in certain circumstances, long lead times for delivery of our aircraft have prompted our CSAs to place orders for aircraft without a prospective end customer in place. As a result of the growth in our backlog and increased demand coupled with longer lead times for delivery, CSAs may decide to order an aircraft prior to an end customer being contracted to shorten the lead time for end customers. See "— Aircraft Orders and Delivery" for more information. If an end customer was contracted prior to delivery, the CSA would reclaim any deposit money by refund from the Company. If an end customer was not contracted prior to delivery, the CSA may either pay for the aircraft in full and store the aircraft as inventory or arrange for the aircraft's transfer to another CSA prior to delivery for a flat US$10,000 transfer fee, payable by the assignee. The US$10,000 transfer fee is paid to the CSA transferring the aircraft in exchange for the new CSA receiving the original CSA's place in the line for receiving an aircraft. Identical to the arrangements between us and end customers, we do not accept returns on aircraft purchased by CSAs, and accordingly, we do not monitor whether the CSAs store the aircraft as inventory. However, as we set annual quotas for our CSAs, which we use to monitor sales agent performance and market evolution and provide them with a written review semi-annually, we do not believe any sales by CSAs would be non-recurring. As CSAs would typically source end customers prior to the delivery of the aircraft, we do not consider that the CSAs exhibit the risks typically associated with distributors.

The table below sets forth the changes in the number of CSAs during the Track Record Period:

	As of December 31,		
	2021	2022	2023
Number of CSAs at the beginning of the year	18	15	15
Number of new CSAs	0	0	1
Number of terminated CSAs[(1)]	3	0	0
Number of CSAs at the end of the year	15	15	16
Turnover rate of CSAs[(2)]	16.7%	0.0%	0.0%

Notes:

(1) During the Track Record Period, we terminated CSAs due to inadequate or unsatisfactory performance. There were no material disputes or legal proceedings with any terminated CSAs during the Track Record Period and up to the Latest Practicable Date.

(2) Turnover rate was calculated by dividing the number of terminated CSAs for a given year by the number of CSAs present at the beginning of that year. We have a long term relationship with our major CSAs. None of our terminated CSAs during the Track Record Period had sales of more than five aircraft in each year of the Track Record Period.

(3) CSAs operated across the following territories as of December 31, 2023: (i) United Kingdom; (ii) Benelux and Scandinavia; (iii) Czech Republic, Slovakia, Hungary and Cyprus; (iv) Italy, United Arab Emirates and Saudi Arabia; (v) Germany; (vi) Romania; (vii) South Africa; (viii) Brazil; (ix) Mexico; (x) Panama, Colombia, Guatemala, El Salvador, Ecuador, Peru, Costa Rica, Belize and Honduras; (xi) Argentina, Uruguay, Paraguay and Chile; (xii) Philippines and South East Asia; (xiii) Japan; (xiv) Australia (New South Wales, Queensland and Australian Capital Territory); (xv) Australia (Tasmania, Victoria and South Australia); and (xvi) New Zealand. Certain of our CSAs operate in more than one country. No two CSAs operate in the same territory.

We enter into standard CSA agreements with our external sales agents. Key terms of our CSA agreements include:

- *Term:* Three years, renewable subject to the attainment of agreed targets.

- *Designated Geographic Area:* Sales agents are assigned a designated geographic area and are not permitted to promote or sell our products outside of that area. This avoids cannibalization of sales between agents.

- *Exclusivity:* Sales agents may be granted the exclusive right to sell our products in their designated geographic areas, though certain of our CSAs are not governed by an exclusivity provision. Notwithstanding any exclusivity rights, we retain the right to act directly in promoting and selling aircraft within the geographic area, though we generally do not sell in any areas in which our CSAs have an exclusive right to sell.

- *Sales Target:* We set annual quotas for our sales agents, which we use to monitor sales agent performance and market evolution and we provide a semi-annual, written review. We determine sales quotas by considering how much revenue is required to meet our company objectives and growth plans, and reviewing each sales territory and the relevant factors that would affect sales performance.

- *Flight Training:* We permit sales agents to arrange training services for prospective end customers for any new SR2X Series aircraft orders and will reimburse the sales agent for certain expenses incurred in connection with such flight training.

- *Price Management:* We set a manufacturer suggested retail price for each model; sales agents have discretion to sell the products at that price or a lower one. Any discounts provided by the sales agent will be subtracted from the sales agent's commission fee.

- *Credit Management:* The CSA will promptly forward to us any checks, drafts, instruments or other payments received directly in payment of accounts due to the Company and will cooperate with us fully in the collection of any outstanding unpaid accounts, including taking appropriate action to correct an end customer's payment procedures and furnishing to us any credit reports or other credit information pertaining to our end customers that we may reasonably request.

- *Commissions:* During the Track Record Period, we paid a range of commissions between approximately 1 to 10% of an aircraft's sale price, depending on model and features. The commission fee is calculated for individual sales of aircraft as a fixed percentage of the relevant contract value that is generally payable 30 days upon settlement of the final payment and acceptance of the aircraft by the end customer. Sales agents are permitted to receive a commission on up to five SR2X Series aircraft sold as part of any deal involving a fleet or aircraft configured for specific applications. Fleet commissions are generally not permitted for the Vision Jet aircraft.

- *Confidentiality:* Each of the parties undertakes not to disclose the other party's trade secrets or other business information to any third party.

- *Non-Compete:* During the term of the CSA agreement and for a period of three months thereafter, the CSA is not permitted to directly or indirectly sell any aircraft or any related products that compete with our aircraft.

- *Assignment:* Under the terms of the CSA agreement, the CSA may not subcontract any obligation under or the whole or part of the CSA agreement without the express prior consent of Cirrus.

- *Compliance with International and Local Laws:* The CSA shall perform all of its obligations under the CSA agreement in accordance with all applicable local and international laws and shall assist us in ensuring that sales of the aircraft are in conformity with local and international laws, including compliance with sanctions and anti-bribery laws (e.g., FCPA) and any local statute, regulation, directive or code of conduct where the CSA does business.

- *Insurance:* The CSA shall at all times maintain at its own cost comprehensive general liability insurance covering bodily injury, property damage, contractual liability, products liability and completed operations in such amounts as are reasonably necessary to insure against all risks to its operations, but in no event less than a minimum of: (i) US$3.0 million comprehensive general liability insurance; (ii) workers' compensation as required by local law and employer's liability insurance; and (iii) US$1.0 million automobile insurance. All insurance policies provided under the CSA agreement shall be "occurrence" policies (i.e., policies covering claims in which the injury or damage occurred during the policy period) and not "claims made" policies (i.e., policies that require claims to be made while the policy is in effect) and shall name the Company as an additional insured.

- *Termination:* The CSA agreement may be terminated given three months' written notice for a variety of factors, including, but not limited to: (i) by the non-defaulting party in the event of a material breach; (ii) by either party in the case of winding up, liquidation, bankruptcy or insolvency of the other party; or (iii) by us in the event of certain circumstances which may adversely affect the business and reputation of the sales agent. We do not permit the return of any aircraft previously purchased by CSAs in the event of termination.

CSAs as Our Customers and Our Suppliers

We classify CSAs to be our customer when a CSA enters into a sales contract with us. This occurs when a CSA enters into a sales contract (1) to assist the end customer with the sales process, (2) when they purchase a demonstration aircraft from us or (3) when a CSA places an order for aircraft without a prospective end customer in place due to a long lead time and such CSA cannot source an end customer to contract with us directly prior to delivery. In addition, there are CSAs who perform activities outside of aircraft sales, such as operating service centers or training facilities which require them to purchase related materials from us. The CSAs also receive commissions from us pursuant to the CSA agreements, making them our suppliers.

A CSA may choose to lease a demonstration aircraft from one of its end customers, if such end customer does not yet wish to fly the aircraft. Such CSA may not have entered into any contract with us directly. As a result, not all CSAs were both our customers and suppliers during the Track Record Period.

Our Marketing Strategies

We focus our marketing efforts on first-time pilots and existing customers (i.e., those who have already purchased one of our aircraft), as well as other individuals with a private pilot's license, institutional customers, and private flight schools. First-time pilots represent an important component of growing our customer base. To achieve our goal, we are executing the following marketing strategies:

1. *The Cirrus Life* — Our primary marketing philosophy is captured by our branded *The Cirrus Life* program, a premium lifestyle brand by which we strive to establish and maintain a lifetime relationship with our customers, both in terms of physical proximity and customer support. For example, during the Track Record Period, approximately 200 or 75%, of our Vision Jet deliveries were made to owners who had already owned a Cirrus aircraft. We have established an inclusive community for our customers to enjoy a holistic experience of owning and enjoying our aircraft, which involves Cirrus-branded events, trips and unique training and social events. Our more than 1,000 Cirrus standardized instructor pilots located in 24 countries, who are experts in Cirrus Flight Training, help to guide customers in earning their private pilot's license through our standardized Cirrus Flight Training courseware. In addition, as of December 31, 2023, our global network included 118 authorized training facilities and 242 authorized service centers across the world.



2. *Digital Marketing* — We utilize integrated digital marketing tools through an omnichannel advertising strategy to attract potential customers by maintaining a presence on various social media platforms and leveraging targeted advertisements across such platforms and Google to enhance brand awareness.

3. *Cirrus Aircraft Referral Program* — We offer a competitive referral program for our retail customers to refer potential customers, instructor pilots, authorized service centers and authorized training facilities or pre-owned sales partners in exchange for a tiered referral amount that can be applied to the purchase of Cirrus products and services including, but not limited to, orders placed with our Cirrus Direct program, maintenance and training services and store merchandise.

4. *Trade Shows* — We participate in trade shows of various premium industries that host our target audience, such as boat, golf and automobile trade shows. We also engage in professional air shows to promote our brand, such as the annual Experimental Aircraft Association, AirVenture Oshkosh and Cirrus Migration shows.

5. *Direct Mail Marketing* — We employ a direct mail marketing program that targets a wide array of potential customers, including existing pilots, non-pilots, flight instructors and our existing customer base. Our advertising campaigns include non-aviation and lifestyle publications to reach a target audience beyond the typical aviation enthusiast.

Pricing

The purchase price for our aircraft is comprised of the base price and the price of any optional upgrades, as well as sales tax and any other duties. The base price of the aircraft is based on the cost of raw materials, components and labor and is adjusted with reference to fluctuations in the market price of similar aircraft. During the Track Record Period, we primarily sourced our composite materials from the United States. We assess the base price of the SR2X Series and Vision Jet aircraft on an annual basis and adjust accordingly to keep prices competitive in the

current market. The SR2X Series aircraft cover the single-engine piston aircraft market with a base selling price ranging from US$626,900 to US$963,900. The base price for the SR2X Series aircraft is based on five performance obligations: (1) the aircraft that includes standard features, optional upgrades and the express limited warranty; (2) extended warranty; (3) maintenance services; (4) brokerage services; and (5) flight training services. The Vision Jet aircraft covers the single-engine turbine aircraft market with a base selling price of US$3,240,000. The base price for the Vision Jet aircraft is based on four performance obligations: (1) the aircraft that includes standard features, optional upgrades and the express limited warranty; (2) Type Rating training; (3) the JetStream program package; and (4) brokerage services.

For the SR2X Series, customers pay based on pricing at time of estimated delivery to ensure all upgrades and customizations are included. For the Vision Jet, we have a limited number of prior contracts from inception of the product line that specify the price from the time of signing, indexed further for CPI, upgrades, substitutions and customizations. Our other Vision Jet orders/reservations follow the same pricing model as that of the SR2X Series. Each of the SR2X Series and Vision Jet aircraft undergo annual price increases correlated to model upgrades and generational changes, such as material changes to useful load, altitude limits and access to new airports due to improved certifications and in response to broader inflationary pressures. The above performance obligations do not take into account any discounts applied toward the base price.

There are no material differences in the base price of our aircraft based on the geographic location of our customers or the nature of the sales (i.e. fleet v. individual).

Key Terms of Our Sales Contracts

We enter into standard sales contracts with our customers. Key terms of our sales contracts are set out below:

Key Terms of Our Sales Contracts

	SR2X Series	Vision Jet
Initial Deposit	• We require a deposit on substantially all of our orders	
	• During the Track Record Period and up to the Latest Practicable Date, not less than approximately 95% of our orders were supported by a deposit	
	• US$15,000, due at the time of signing	• US$50,000 as a reservation

Key Terms of Our Sales Contracts

	SR2X Series	Vision Jet
Initial Non-Refundable Installment Payment	• Together with the initial deposits, amount to 10% of the total sales price of the aircraft based on the current base price for that model	
	• Due within 30 days of the order date at which time the initial deposit also becomes non-refundable	• Due approximately 12 months before expected delivery (which the initial US$50,000 is applied towards)
Additional Non-Refundable Installment Payment	—	• 10% of the total sales price of the aircraft based on the current base price for that model, due within six months before expected delivery date
Final Installment Payment	• Remaining balance of the actual total sales price based on the base price in the year in which the aircraft is delivered, plus any configurations or customizations	
	• Due at the time of delivery	
Payment Method	• Substantially all deposit and initial installment payments are made by credit card or wire transfer	
	• Substantially all final installment payments are made by certified check or wire transfer	
Payment Currency	• All payments are made in U.S. dollars	
Failure to Pay	• Our customers must pay all amounts due prior to delivery of the aircraft. In the event that a customer fails to pay an installment payment, seeks relief from debtors or within 10 days after our acceptance cancels an order, we have the contractual right to terminate the sales contract and retain the full deposit and interim payments as liquidated damages	

Key Terms of Our Sales Contracts

	SR2X Series	Vision Jet
Late Delivery	• If we are late in delivering an aircraft (other than for an excusable delay), we do not face any penalties except in special circumstances involving nominal fees for our fleet customers, but the customer has the right to terminate the contract and receive their full deposit if such delay extends for as much as 90 days after the window for delivery has passed • Such special circumstances involve non-material fees paid in the event of a delayed delivery to our fleet customers due to the potential impact on their flight training business • An excusable delay constitutes destruction or damage to the aircraft beyond economic repair or a force majeure event. Such delays were primarily attributable to production delays caused by our suppliers	
Basic Warranty for General Repairs *For further details on warranties, see "— Warranties" below*	• A basic warranty that the aircraft airframe will be free of material and workmanship defects under normal use and service • Included in the base price of the aircraft	
	• For three years (36 months from the time of purchase or 1,000 flight hours, whichever occurs first)	• For two years (24 months from the time of purchase or 1,000 flight hours, whichever occurs first)

Warranties

We provide normal warranty provisions for general repairs for two years on the Vision Jet and three years on the SR2X Series aircraft. The express limited warranty is a part of the base price of the aircraft and includes a basic warranty that the aircraft airframe will be free of material and workmanship defects under normal use and service for a period of 24 months from the time of purchase or 1,000 flight hours (whichever occurs first) for the Vision Jet aircraft and a period of 36 months from the time of purchase or 1,000 flight hours (whichever occurs first) for the SR2X Series aircraft. We also provide optional, extended warranty packages for the SR2X Series aircraft for three to five years from the time of purchase.

We made provision for product warranties of US$19.8 million, US$12.4 million and US$16.9 million in 2021, 2022 and 2023, respectively, for current year sales and prior period Service Bulletins. While the current standard warranty for the SR2X Series aircraft is three years, there are some legacy warranties where extended warranty coverage began after two years, providing an aggregate warranty coverage of five years. To mitigate associated risks, certain components of the aircraft (i.e., engines, avionics) are warranted directly by their manufacturer to cover the period from years three through five. The price of extended warranty options is based on the relative sales value of the base price of the aircraft. Our sales contracts expressly disclaim implied warranty.

Payment Arrangements

We accommodate various payment arrangements for our customers to suit their financial arrangements. In certain circumstances, the registered owners of the aircraft will arrange for payment by other affiliates (such as a company owned by the individual registered owners or another company owned by the corporate registered owners) or designated parties (such as a financial institution financing the purchase or a trust or other individuals designated by the registered owners) which are made through U.S. financial institutions (the "Payment Arrangements"). According to Frost & Sullivan, such payment arrangements are common in the personal aviation industry in the United States and in other similar retail markets where the purchase amount is more sizeable.

The table below illustrates the various scenarios in which we have Payment Arrangements, the relationship between the purchaser/registered owner and the payor for the aircraft who are part of such Payment Arrangements and the reason behind such Payment Arrangements, to the knowledge of our Directors:

Scenario	Purchaser/ Registered owner of aircraft	Payor for aircraft	Relationship between purchaser/registered owner and payor[1]	Reason for Payment Arrangement
1	Individual	A company	Paid by a company which is owned by, or related to, the purchaser and/or registered owner who signed the sales contract	Individuals will sign the contract, but make the purchase through either an existing business or a limited liability company related to the individual buyer of the purchased aircraft either for commercial or other personal reasons
2	Individual	A bank or finance company	Paid by a bank or finance company acting as lender to the individual for the purchase	Financing for the purchasing of aircraft, which is quite common, is arranged by the individual buyer of the aircraft either through our finance partner or a third-party finance company

Note:

(1) "Related to" below includes relationships such as, but not limited to, shareholding, employment, trust, financing, business partnership or kinship between the purchaser/registered owner and payor

Scenario	Purchaser/ Registered owner of aircraft	Payor for aircraft	Relationship between purchaser/registered owner and payor[1]	Reason for Payment Arrangement
3	Company	Another company	Paid by a company which is owned by, or related to, the purchaser/registered owner which signed the sales contract	This typically occurs when a person registers his or her aircraft under a limited liability company for that aircraft and sends funds to complete the purchase through another company related to that person, either for commercial or other personal reasons
4	Company	Individual	Paid by an individual or individuals who are typically (i) holders of the equity interest of the company for which payment is being made or (ii) related to the holders of the equity interest of the company for which payment is being made.	This typically occurs when the individual registers his or her aircraft under a limited liability company for that aircraft, but the individual directly pays for it, either for commercial or other personal reasons

None of the payors under the Payment Arrangements during the Track Record Period had any past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with the Company or its subsidiaries, their directors, shareholders, senior management, or any of their respective associates.

As advised by Hogan, (a) as an aircraft seller, we are explicitly exempted from the obligations applicable to "financial institutions" under the U.S. AML Law to establish and maintain an AML compliance program, to know customers' sources of funds or otherwise to ascertain the relationship between (or have a written contract between) us and third-party payors, (b) receiving payments from third parties through U.S. financial institutions complying with their obligations under the Bank Secrecy Act for legitimate transactions without involving money laundering activities does not violate U.S. AML Law; and (c) based on the due diligence conducted (including but not limited to reviewing sales records and other underlying documents for the

Payment Arrangements, documents relevant to the Company's internal control measures and discussions with the management) and that we are not a "financial institution" for purposes of U.S. AML Law that is obligated to establish or maintain an AML program, there has been no non-compliance by us with U.S. AML Law. Notwithstanding the above, we have internal control measures in this regard for our own risk management purposes, including:

(i) we have a designated screening program that guards against illegal activities for our sales and we screen our customers against numerous lists from worldwide government authorities covering, among others, money laundering, fraud, corruption and breach of International Sanctions;

(ii) we only process payments under the Payment Arrangements made through U.S. financial institutions, which are required to establish and maintain effective Bank Secrecy Act compliance programs according to relevant U.S. laws;

(iii) as a matter of our standard procedures and consistent with a risk-based approach to preventing and detecting violations of U.S. AML Law, we have control measures requiring all payment arrangements be made for business transactions involving the actual exchange of goods and are supported by documentation, including but not limited to purchase orders, invoices, payment records or delivery notes that require attestations and identifiers from customers, including the name and address of the final end user, and we ensure payments from customers' designated parties are indeed settled on behalf of the relevant customers by tracking the identifiable serial number or transaction number which is unique for each aircraft sold in the payment records;

(iv) we have policies and procedures set forth in our code of ethics and business conduct in our employee handbook, which are aimed at preventing our employees from, among others, engaging in a transaction that violates U.S. AML Law, and our employees receive training and acknowledge the codes of conduct and other compliance policies upon hire as well as through our annual verification process; and

(v) we have implemented a whistleblower program in place for employees, suppliers and customers to anonymously report violations to the code of conduct, fraud, or questionable accounting or auditing practices, and such program details are available on the Company's intranet and are communicated to all employees.

As advised by Hogan, as a business specifically exempted from the requirements to maintain an AML compliance program under the U.S. AML Law, we do not have an obligation to maintain such controls nor to ensure the legality of payment sources, absent red flags or actual knowledge about the source of funds. Nevertheless, Hogan is of the view that our internal control measures as

disclosed above are consistent with the types of measures that a business would implement as part of effective internal controls and a risk-based compliance program reasonably designed to detect and prevent money laundering transactions, in compliance with U.S. AML Law.

Considering (i) the advice of Hogan that (a) the Company is not a "financial institution" for the purpose of U.S. AML Law and is not obliged to establish or maintain an AML program, (b) there has been no non-compliance by us with U.S. AML Law and (c) our internal control measures in this regard are consistent with the types of measures as part of effective internal controls and a risk-based compliance program reasonably designed to detect and prevent money laundering transactions, and (ii) the findings of the internal control consultant that no material deficiency has been identified on the effectiveness of the internal control measures adopted by us, the Directors are of the view that our Group has been in compliance with U.S. AML Law and the internal controls adopted by us are effective in relation to detecting and preventing money laundering.

Based on the due diligence conducted (including but not limited to reviewing sales records and other underlying documents for the Payment Arrangements, reviewing documents relevant to our internal control measures, discussing with the management, 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 our Directors' views.

Aircraft Orders and Delivery

Upon placement of an order, we establish and notify the customer of the anticipated delivery date, and the customer has the option to schedule the pickup date, which must be within ten days of our estimated delivery date. Anticipated delivery dates are based on conditions at the time of the order, including current production and backlog. Substantially all of the time, at the time of the order, the customer would also sign a sales contract with us and pay us a deposit. Before taking ownership of the aircraft, the customer must complete a series of delivery acceptance forms and pay the balance of the purchase price. The formal commercial process culminates with a new aircraft delivery experience highlighted by the unique moment when the keys to the new airplane are handed over to the owner during a curated, personalized ceremony at our Vision Center in Knoxville, Tennessee. These events are performed at our 'dedicated' Delivery Center at the Vision Center campus multiple times per day. These special occasions are often attended by owners and their family members, close friends, colleagues and business partners along to share in the experience.

During the Track Record Period, we received orders for approximately 2,600 of our aircraft. Depending on region and configuration, in general, the lead time for delivery of an aircraft to the customer after an order is placed is approximately 18-24 months.

The following table sets forth the breakdown of backlog movement by aircraft product lines:

	SR2X Series	Vision Jet	Total
Total number of backlog at the beginning of 2021	**297**	**306**	**603**
Add: 2021 Net Orders	813	128	941
Less: 2021 Net Deliveries	(442)	(86)	(528)
End of December 2021	**668**	**348**	**1,016**
Add: 2022 Net Orders	896	139	1,035
Less: 2022 Net Deliveries	(539)	(90)	(629)
End of December 2022	**1,025**	**397**	**1,422**
Add: 2023 Net Orders	468	51	519[(1)]
Less: 2023 Net Deliveries	(612)	(96)	(708)[(2)]
End of December, 2023	**881**	**352**	**1,233**

Notes:

(1) The decrease in the number of orders was primarily due to the significant number of orders arising as a result of increased customer demand and consumption preferences following the COVID-19 pandemic in 2021 and 2022, and a change in general macroeconomic conditions, in particular, general increases in interest rates, which affected the level of consumer spending on premium and lifestyle products, including our aircraft. See "Risk Factors — Changes in consumer demand and preferences may affect our financial results" in this document.

(2) The increase in the number of net deliveries resulting from improvements in our average production rate, when taken together with the decrease in the number of orders over the same period, resulted in a reduction in our backlog for 2023, as compared to the previous year.

While the entire production process for SR2X Series and Vision Jet aircraft is approximately 51 and 98 days, respectively, in 2021, 2022 and 2023, our average production rate for SR2X series was 10.3, 11.4 and 13.0 aircraft per week, and for Vision Jet 1.8, 1.9 and 2.0 aircraft per week, respectively. As a result, our current backlog requires approximately 18 to 24 months to manufacture and deliver based on our production capacity. While we continuously expand our production capacity and capabilities, increasing our average weekly production from 10.3 aircraft in 2021 to 11.4 aircraft in 2022, and to 13.0 aircraft in 2023, for SR2X, and from 1.8 aircraft in 2021 to 1.9 aircraft in 2022, and to 2.0 aircraft in 2023, for Vision Jet, respectively, our backlog grew by approximately 104% over the period of the Track Record Period. The production process cycle time is generally immaterial to the overall lead time from new order to delivery because there is an approximate lead time of 6 to 12 months to make production rate changes, which is a significant factor contributing to the reason why the rate at which production capacity is increasing lags behind the rate at which orders is increasing.

We experience several key constraints to increasing production, for example, supply chain, labor and facilities, equipment and tooling. Our ability to increase supplies to support increased production is affected by sub-tier raw material availability and the lead time to obtain supplies, as an increase in supply orders would also take time to be satisfied by suppliers depending on their operations. Labor is also a critical input to increasing production, with lead times for increasing workforce, including identification, recruitment and training, dependent on specialty and market conditions. Production rate output is also affected by facility, equipment and tooling constraints. We continue to increase production space by relocating non-production operations and will require additional investments in equipment and rate tooling to continue to increase production capacity. For example, we expect to expand our production capacity and capabilities and improve our production and operational efficiency using the **[REDACTED]** of this **[REDACTED]**. We expect that our production capacity will increase by approximately 12 to 60 aircraft per year by the end of 2025 and by 37 to 100 aircraft by the end of 2026 compared to 2023 production levels. For more information, see "Future Plans and Use of **[REDACTED]**."

Due to our backlog, we take reservations from our customers to purchase a Vision Jet aircraft by making a fully refundable deposit of US$50,000, which gives the customer a place in the queue. As of the Latest Practicable Date, our backlog included 265 reservations. Approximately 13 months prior to expected delivery, we contact the customer to configure their aircraft and set a purchase price and delivery date. The customer has 30 days to lock-in their configuration at which time their deposit typically becomes non-refundable or to request a refund of their deposit. The customer would provide non-refundable installment payments of 10% of the expected purchase price each at the time of the aircraft configuration (approximately 12 months before expected delivery) and six months prior to the aircraft delivery date. The final installment payment being the balance is due at the time of delivery when the customer arrives for pickup of their aircraft at our Knoxville, Tennessee location. See "— Key Terms of Our Sales Contracts" for details.

In the event that a customer fails to pay an installment payment, seeks relief from debtors or cancels an order, we have the contractual right to terminate the sales contract and retain all advance payments received. In all cases, we retain ownership of the aircraft and may sell the aircraft to another customer. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material delay in payments from customers or any cancelations by customers that we were unable to mitigate by re-selling the new aircraft. The cancelations that we did experience were primarily attributable to financial difficulties experienced by the end customer or order cancelation in favor of upgrading to a larger sized aircraft. Due to the nature of the premium aircraft industry and our existing backlog, we have not experienced in the past nor do we expect to experience in the future any material difficulty in reselling our aircraft to other customers. We therefore did not incur any actual loss in connection with order cancelations during the Track Record Period and as of the Latest Practicable Date, as we were able to resell the aircraft to other customers. We do not accept returns on aircraft. During the Track Record Period,

we have only provided refunds to customers on a limited exceptional basis. During the Track Record Period, the number of orders and reservations canceled by customers and the associated forfeited revenue recognized (i.e. forfeited customer deposits recognized as revenue) was immaterial, as we had recorded net positive orders during the Track Record Period.

Although we receive a relatively small amount of deposits as a percentage of sale price upfront and there is a relatively long delivery lead time for our aircraft, we have not experienced any issues with working capital sufficiency. For the years ended December 31, 2021, 2022 and 2023, our net cash generated from operating activities was US$198.3 million, US$132.9 million and US$113.3 million, respectively. See "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Inventories" for details. We are able to manage our cash flows through (i) receiving cash payments from making deliveries to satisfy orders in our backlog and (ii) having availability under our loan facility with a U.S. commercial bank. For more details on the loan facility, see "Financial Information — Indebtedness — Borrowings." We maintain long-term debt to provide flexibility at the outset of every year when deliveries are typically slower, and have established credit facilities in the event of any larger capital requirements.

Customer Feedback and Support

We provide our staff with extensive training to deliver high quality services to our customers and keep track of customers' feedback on our product and service quality. We have dedicated customer service personnel and an aircraft maintenance service and support number, among other channels, to ensure that customers have easy access to express their views on our products and services. We are committed to responding to customers' feedback and concerns in a timely manner, and taking measures in accordance with relevant procedures. We believe our customer service system helps improve customer satisfaction, build customer loyalty and trust, reduce similar complaints in the future, and maintain our brand image.

Our ecosystem provides multiple access points for customers to raise issues or resolve any complaints. Customers can use several different channels including field support team members, sales team members, JetStream account managers and messaging directly through our website to reach a service representative who will route the request to the correct party. Once a complaint is registered, we open an internal service case in our Customer Relationship Management software and assign a case manager to bring the case to a resolution. Our case managers are trained aircraft mechanics and technicians that have direct access to repair manuals, parts ordering and status, as well as engineering support. The management team reviews trends and opportunities for improvements in a regular basis to ensure constant improvement. Our customer service team at Cirrus has approximately 60 team members, and is supported by our 242 authorized service centers around the world.

INTELLECTUAL PROPERTY

Our ability to protect the intellectual property that underpins our product portfolio and our technology and know-how is critical to our position as a market leader in the personal aviation industry and our competitiveness. We seek to protect our intellectual property against third-party infringement through the registration of trademarks, the filing of patents, as well as through other means, including licenses, confidentiality and non-disclosure agreements.

As of December 31, 2023, we had 124 registered trademarks, 17 trademark applications, 10 registered patents and 11 patent applications in the U.S., Europe, the United Kingdom and other regions. As of the same date, we have registered patents for or otherwise the rights to use all our core technologies. See "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights of our Group" for more information.

The main trademarks that we currently use in our business are "Cirrus," "Cirrus Airframe Parachute System," "Cirrus IQ," "Cirrus Perception," "Diagonal Airplane Design," "Vision Center," and "Vision Jet." While we have registered some of these trademarks in the jurisdictions that we believe to be relevant, others are currently the subject of applications or are not registrable because they lack a sufficiently distinctive character.

We seek to protect the inventions that we generate through our product development and innovation activities by means of patents. Due to the relatively mature state of technology in the general aviation industry, our product innovation activities do not yield a significant number of patents, although our ongoing efforts to diversify our product portfolio and extend existing technology to new applications may in the future generate new intellectual property rights for us. See "— Our Product Portfolio — Product Development and Innovation Capabilities" for more information.

In the absence of formal intellectual property rights (e.g., patents), we rely on national laws to safeguard our trade secrets from misappropriation by third parties. Maintaining the secrecy of trade secrets can provide us with a competitive edge in the industry. By safeguarding sensitive information like advanced technologies, proprietary materials, and manufacturing techniques, we seek to retain a distinct advantage over competitors. Trade secret protection allows us to invest in product development and innovation without immediately disclosing our innovations to the public. This confidentiality encourages long-term projects, exploration of novel ideas, and significant technological advancements. Trade secrets can encompass confidential manufacturing processes that enable us to efficiently produce aircraft. By keeping these processes undisclosed, we can minimize the risk of reverse engineering, unauthorized duplication, or counterfeiting by competitors, which can directly impact operational efficiency and financial performance. Trade

secret protection can extend to proprietary information shared with trusted suppliers and partners. Ensuring the confidentiality of supply chain information, such as specifications, components, or manufacturing techniques, helps us maintain the integrity of our aircraft manufacturing process. This can enhance operational efficiency, reduce the risk of counterfeit parts, and ultimately supports our financial performance.

Furthermore, we seek to protect our proprietary know-how and trade secrets by implementing procedures designed to safeguard the confidentiality of our internal processes and to restrict access to information related thereto, including by requiring our employees, suppliers and other contractors to sign non-disclosure agreements. We have taken proactive measures to protect our trade secrets by implementing internal protocols, including the establishment of employment agreements with confidentiality provisions. These agreements ensure that employees are legally bound to maintain the confidentiality of trade secrets and other proprietary information during and after their employment with us. Furthermore, we have implemented robust physical and digital security measures to safeguard trade secrets. Physical security measures include restricted access to areas where trade secrets are stored, surveillance systems, and secure storage facilities. Digital security measures encompass encryption, firewalls, secure networks, and access controls to prevent unauthorized access or data breaches. These measures help protect trade secrets from unauthorized disclosure, theft, or cyberattacks. We also engage legal experts who specialize in intellectual property and trade secret laws. These professionals provide guidance on compliance with relevant regulations, assist in developing risk management strategies, and offer advice on potential litigation scenarios. Their expertise ensures that we stay updated on legal developments, follow best practices, and take necessary steps to protect our trade secrets effectively. We proactively assess and mitigate regulatory risks relating to intellectual property through regular audits, legal consultations, and staying informed about changes in international laws and regulations. We believe seeking advice from legal professionals familiar with international trade laws and intellectual property enables the development of tailored strategies to effectively manage these risks.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights (including trade secrets) owned by third parties, or (ii) by any third parties of any intellectual property rights (including trade secrets) owned by us with the exception of a small charter company in the United States infringing on Cirrus's federally registered trademarks. The outcome of the appeal we brought on our original claim against the company will have no material adverse financial impact for us.

CYBERSECURITY, DATA PRIVACY AND PERSONAL INFORMATION

We are fully committed to complying with cybersecurity and data privacy laws and protecting the security of our customers' data. We do not use, nor have we embedded, any open-source software in any of our core information technology ("**IT**") systems.

We have designed and implemented strict internal data protection rules and policies to ensure that data is collected, used, stored, transmitted and disseminated in compliance with applicable laws and prevailing industry practices. Our internal data protection measures cover these areas:

- **Data Collection.** We have established a strict internal control system for data security and personal information protection. When customers purchase our aircraft and use our services, we retain their names, aircraft identification numbers, postal addresses, phone numbers and email addresses. All data is stored on either cloud servers or physical data storage areas located in the United States. These areas are protected by modern technologies and industry best practices to ensure the safety and protection of the information. We do not store customer data of any Chinese person within the territory of the PRC.

  Certain of our product features and service offerings track our customers' data. We accumulate certain data related to origin and destination airports, departure and arrival times, aircraft registration number and distance. Our data privacy policy agreed by our users describes our data practices, and we do not use any data for any purpose other than those specified in the data privacy policy with our users. With the level of connectivity and integration of our aircraft, we place strong emphasis on data security and protection. The privacy policies with respect to the collection, use and disclosure of user data has been posted on our website and mobile applications that we operate, which inform the users of the purposes, methods and scope of collecting and using their personal information. We do not use users' data for any purpose that has not been consented by the users or is not necessary for our provision of services to the users.

- **Data Storage and Retention.** We have implemented procedures to regulate our employees' actions to ensure the secure storage and retention of data, and prevent any unauthorized member of the public or third parties from accessing or using our customers' data in any unauthorized manner.

  From an internal policy perspective, we limit access to our servers that store our data on a "need-to-know" basis. Our IT acceptable use policy sets out the rights, responsibilities, and the use of data unacceptable to the company. Security awareness training is provided on an annual basis to all company employees, and our in-house IT

team conducts monthly anti-phishing campaigns on our employees. In addition, we employ a variety of technical solutions, including, but not limited to data encryption and user authentication, to prevent and detect risks in user privacy and data security. With our user access policy and IT password policy, we require any user who accesses our networks or system to be authenticated with an appropriate level of authentication. Such user authentication requires a unique user identifier and at least one authentication factor.

We conduct security reviews periodically and have implemented an IT incident response policy. Our in-house IT team, as well as external data security experts, constantly examine and test our data security system to ensure that any vulnerability identified is fixed immediately. We also engage a third-party vendor to conduct annual penetration security testing of our internal and external company-owned and managed IT systems. Our in-house IT team constantly record and monitor the entire process of data access and the actions of the designated and authorized personnel who access our user database after approval.

We have also developed an IT incident response policy, which sets out the requirements for identifying, reporting, classifying and responding to incidents related to our IT systems and operations. The policy describes classification of incidents, response times, resolution times, and targets to ensure that we appropriately identify such IT incidents and are equipped to determine their scope and risk, as well as respond appropriately both internally and externally to our stakeholders. The policy is applicable to all of our employees and any other individual or entity acting for or on our behalf and encompasses all our IT systems, networks, databases, applications and information owned by or entrusted to us or that passes through a network owned by us.

We have put in place a series of back-up and recovery management procedures. Our backup and recovery policy is designed to provide us with documented and formalized data backup and recovery procedures. We have established protocols for the backup and recovery process that requires our inhouse IT-team to evaluate and investigate the cause of data loss in order to ensure that only valid and legitimate requests of restoration of data are executed.

- **Data Transmission.** Without due consent and authorization from users or going through compliance procedures, we will not provide personal data to our business partners. We strictly follow the terms of authorization and scope of usage set forth in the agreements with our users when processing and analyzing their personal data, and require all of our business partners to acknowledge and sign confidentiality agreements before they receive any user data from us. All data analyzed are encrypted and de-identified in

accordance with applicable laws and regulations. If any of our business partners misuses or leaks user data provided by us or causes any damage to our users or us, we are entitled to terminate the agreements with such business partner and take protective measures, such as changing encrypted passwords and disconnecting the network, and may also pursue further legal proceedings against the business partner.

- **System Changes.** In order to realize the intended effects of any system changes while avoiding unintended consequences, we have adopted a change management policy. The policy, which is applicable to all employees, consultants, contractors, and vendors, is designed to manage system changes in a rational and predictable manner. Any changes to our systems shall be made in accordance with the policy, which requires careful planning and tracking.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance with data privacy and security laws or regulations. During the Track Record Period and up to the Latest Practicable Date, there have been no material breaches of any company data or breaches of customers' personal data.

SEASONALITY

The delivery of our aircraft is subject to seasonal fluctuations. We usually experience fewer deliveries at the start of the year as we roll out and replenish updated demo and training aircraft, which reduces the number of aircraft available for delivery to customers. In addition, our production schedule may face slowdowns during the winter months due to the reduced daylight hours to perform flight testing and the reduced number of flying days for weather reasons. As a result, we generally keep a higher level of finished goods or aircraft in inventories during the year as compared to the start of the year or the winter months. Seasonal impacts are typically reflected during the start of our fiscal year leading to lower revenues during such period, such that the first half of each financial year generally contributes a smaller portion of our annual revenue as compared to the second half of the financial year. Our revenues may vary from period to period within a financial year, and you may not be able to predict or project our annual results of operations based on a period-to-period comparison of our results of operations, as the results of operations of any particular period within a financial year may not be representative of the results of operations of the entire financial year.

COMPETITION

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 comprehensive global post-sale ownership and support ecosystem and our direct and CSA sales models, distinctive production capabilities and substantial investments in product development.

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. We have credit terms with our top customers in the range of 30 to 60 days.

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. In 2023, the two customers operated either within Europe or South America, in 2022 the three customers operated either within Europe or South America, and in 2021 the two customers operated either within Europe or South America. From such customers, we received revenue of US$25.5 million, US$43.4 million and US$38.2 million for years ended December 31, 2021, 2022 and 2023, respectively, representing 3.5%, 4.9% and 3.6% of total revenue for the respective years. For more details on why our CSAs are considered our customers and suppliers, see "— Sales and Marketing — Our CSA Model — CSAs as Our Customers and Our Suppliers."

CAIGA Group (excluding our Group) was our largest customer in each of 2021, 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 transactions we had with CAIGA Group during the Track Record Period include aircraft development, provision of procurement support and technical support for aircraft, sales of aircraft products, sales of aircraft kits and provision of program services for assembling the aircraft kits. 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.

The following table sets forth details of our top five customers in each year during the Track Record Period:

Customer	Business relationship since	Major products sold or services supplied by us	Purchase amount	% to the total revenue of the Group	Payment method	Background and principal business
			(US$'000)			
Year ended December 31, 2021						
CAIGA Group . .	2013	Sales of aircraft kits and aircraft products, aircraft development, provision of program service, procurement support and technical support service	41,129	5.6%	Bank transfer	See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services.
Customer A .	2016	Sales of the SR2X Series aircraft, aircraft parts	19,563	2.7%	Bank transfer	A CSA and owner of an Authorized Service Center, specializing within the Netherlands and German markets.
Customer B .	2021	Sales of the Vision Jet	6,140	0.8%	Bank transfer	An entity specializing in the business of leasing aircraft to external customers.

Customer	Business relationship since	Major products sold or services supplied by us	Purchase amount	% to the total revenue of the Group	Payment method	Background and principal business
			(US$'000)			
Customer C.	2021	Sales of the Vision Jet	6,020	0.8%	Bank transfer	An individual customer.
Customer D.	2015	Sales of the SR2X Series aircraft	5,916	0.8%	Bank transfer	A CSA and owns and operates a South American based import company.
Year ended December 31, 2022						
CAIGA Group . .	2013	Sales of aircraft kits and aircraft products, aircraft development, provision of program service, procurement support and technical support service	21,817	2.4%	Bank transfer	See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services.
Customer A.	2016	Sales of the SR2X Series aircraft, aircraft parts	19,302	2.2%	Bank transfer	A CSA and owner of an Authorized Service Center, specializing within the Netherlands and German markets.
Customer D.	2015	Sales of the SR2X Series aircraft	17,886	2.0%	Bank transfer	A CSA and owns and operates a South American based import company.
Customer E.	2022	Sales of the SR2X Series aircraft	8,573	1.0%	Bank transfer	A highly rated flight training school in the United States.
Customer F.	2015	Sales of the SR2X Series aircraft	6,231	0.7%	Bank transfer	A CSA specializing in the United Kingdom market.
Year ended December 31, 2023						
Customer D.	2015	Sales of the SR2X Series aircraft	21,631	2.0%	Bank transfer	A CSA and owns and operates a South American based import company.
Customer E.	2022	Sales of the SR2X Series aircraft	20,358	1.9%	Bank transfer	A highly rated flight training school in the United States.

Customer	Business relationship since	Major products sold or services supplied by us	Purchase amount	% to the total revenue of the Group	Payment method	Background and principal business
			(US$'000)			
Customer A.	2016	Sales of the SR2X Series aircraft, aircraft parts	16,543	1.5%	Bank transfer	A CSA and owner of an Authorized Service Center, specializing within the Netherlands and German markets.
Customer G.	2016	Sales of the SR2X Series aircraft, aircraft parts	12,790	1.2%	Bank transfer	A CSA and owns and operates a South American based import company.
CAIGA Group . .	2013	Sales of aircraft kits and aircraft products, aircraft development, provision of program service, procurement support and technical support service	11,470	1.1%	Bank transfer	See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services.

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. We have credit terms with our top suppliers in the range of 30 to 75 days.

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.

The following table sets forth details of our top five suppliers in each year during the Track Record Period in terms of revenue:

Supplier	Business relationship since	Major products purchased	Year ended December 31, 2021		Year ended December 31, 2022		Year ended December 31, 2023		Payment method	Background and principal business
			Purchase amount	% of total purchases for year	Purchase amount	% of total purchases for year	Purchase amount	% of total purchases for period		
			(US$'000)		*(US$'000)*		*(US$'000)*			
Garmin U.S.A., Inc. . . .	1999	Navigation	73,610	21.4	76,019	19.0	89,278	19.5	Bank transfer	Producer of GPS and avionics technology headquartered in Olathe, Kansas. It is a subsidiary of Garmin Ltd., a NASDAQ-listed company (stock code: GRMN) and was founded in 1989, Kansas, with almost 19,000 employees.
Williams International . .	2011	Engine	39,560	11.5	54,457	13.6	55,332	12.1	Bank transfer	Designer and manufacturer of general aviation engines headquartered in Pontiac, Michigan. It was founded in 1954, with around 1,000 employees.
Continental Aerospace Technologies Inc. . . .	1999	Engine	29,834	8.7	32,601	8.2	43,913	9.6	Bank transfer	Designer and manufacturer of general aviation products headquartered in Mobile, Alabama, with less than 500 employees. It is a subsidiary of Continental Aerospace Technologies Holding Limited, a company whose shares are listed on the Stock Exchange (stock code: 232).
Fastenal Company. . . .	2000	Fasteners and Hardware	15,530	4.5	21,127	5.3	24,510	5.4	Bank transfer	Industrial distributor of manufactured products headquartered in Winona, Minnesota and listed on NASDAQ (stock code: FAST). It was founded in 1967, with over 22,000 employees.
Toray Industries Inc. . .	1999	Air frame Composites	16,716	4.9	21,696	5.4	22,091	4.8	Bank transfer	Producer of advanced composite materials headquartered in Tokyo, Japan and listed on the Tokyo Stock Exchange (stock code: 3402). It was founded in 1926, with offices in the U.S.

EMPLOYEES

As of December 31, 2023, we had a total of 2,418 employees, substantially all in the U.S. Among our 2,418 employees as of December 31, 2023, 2,308 were full-time and 110 were part-time employees. Each of these employees is employed through a professional employer organization. During the Track Record Period, our employee head count increased from approximately 1,450 employees in 2021 to 2,418 employees as of December 31, 2023.

The table below sets forth the numbers of our employees according to their functions as of December 31, 2023:

Function	Number of employees	% of total number of employees
Product Line Manufacturing[(1)]	1,324	54.8
Product Development	364	15.0
Cirrus Services	315	13.0
General and Administrative	145	6.0
Sales and Marketing	130	5.4
Other	113	4.7
Facilities Management	27	1.1
Total	**2,418**	**100.0%**

Note:

(1) Within the product line manufacturing function, we have over 100 employees dedicated to quality control management.

All employees are expected to follow our employee handbook, which includes a code of conduct policy that is annually refreshed and is supported by an anonymous hotline. In compliance with applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, confidentiality obligations, non-competition and grounds for termination.

Remuneration packages for our salaried employees are mainly comprised of a base salary and a discretionary bonus element. We set performance targets for our employees based on their position and department and periodically review performance. The results of such performance

reviews are used in their salary reviews, bonus awards and promotion appraisals. We have an annual goal setting process that starts with the executive team laying out our strategies and strategic pillars for the year that is distilled into annual goals assigned by functional and individual levels.

In addition to base salaries and short-term/long-term incentive bonuses, we will consider offering select key employees formal market-competitive equity incentive/retention plans after **[REDACTED]** to align our interest with theirs in the future, subject to compliance with the applicable laws and regulations. The plans will bring adjustments that are supplementary to what is in place to date to drive near-term performance, and may consist of part cash/equity/stock options. The plans under contemplation are being designed. However as of the Latest Practicable Date, no equity incentive plan had been formulated nor implemented.

We place high value on recruiting, training and retaining qualified employees. We adopt the principle of merit-based recruitment, and our policies aim to provide equal employment opportunities regardless of gender, age, race, religion, disability or any other social or personal characteristics by encouraging employees to report discrimination and/or harassment through the anonymized hotline and embracing an anti-retaliation policy to prevent wrongful punishment or termination of any employee who brings a potential violation of the code of conduct to the attention of the Company. This policy applies to all employment practices and personnel actions.

In addition to salaried employees, we have hourly and temporary employees. Our hourly employees are primarily hired to support our production line and repair services. Temporary employees are used as a flexible workforce when we cannot otherwise meet staffing needs with our existing employees. Temporary workers are also paid on an hourly basis or set amounts for specific tasks but are not eligible for our employee benefit plans and insurance. Due to the high turnover rates of temporary employees, and very low unemployment rates in some of the areas we operate, including Duluth, Minnesota and Grand Forks, North Dakota, we have shifted focus to fill more positions with agency hourly employees. We use the labor dispatch services of some staffing agencies, where the agency employs staff under their own name and dispatches them to work for us. We sometimes hire and convert these staff to regular employees through a master services agreement we have with the agencies.

Our retention strategy is focused on ensuring competitive compensation packages, career and professional development, leadership coaching and other actions to improve overall engagement with our key employees. To remain competitive in the labor market, we make contributions to our employee benefit plans. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We have a flight training program, Cirrus Flight Club, by which we invite all of our employees to learn to fly our SR2X Series aircraft at a significantly subsidized rate to ensure

that our employees have a deep understanding of our products and to cultivate our Cirrus community. We offer robust, multi-faceted training throughout our company. As an aircraft manufacturer that is highly regulated and overseen by the FAA and documents all technician and specialist training in a learning management system, we have an extensive training system. Our proprietary training program, Cirrus University, involves more than 100 courses based on developmental areas and gaps in training as assessed by our management and regular feedback surveys. We also have services essential training programs that are available for both internal and external facing employees.

In support of our growth, we regularly review our capabilities and make adjustments to our workforce to ensure we have the right mix of expertise to meet the demand for our services. We generally recruit employees through our internal talent acquisition team and occasionally leverage temporary staffing agencies for specialist positions. We conduct background checks on all potential employees in relation to their labor positions.

None of our employees are represented by union or collective bargaining agreements. We believe that we have good relationships with our employees. We are in compliance with all relevant laws and regulations and are timely in our payments related to our pension fund and social security insurance. We did not experience any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance of the types and in the amounts that we believe are commercially reasonable, adequate and are available to businesses in our industry, as we have in place all the mandatory insurance policies required by laws and regulations of the jurisdictions in which we operate and in accordance with the commercial practices in the industry in which we operate.

Our Group is subject to product liability claims that arise in the ordinary course of business. We purchase insurance policies to protect against losses related to product liability claims, hull losses for aircraft in the corporate owned fleet, excess general liability, and other physical damage. We retain certain self-insured exposure for product liability losses and defense costs up to maximum and aggregate limits on the entire product liability policy. We self-insure portions of our aviation products liability, completed operations and grounding liability exposures, premises and general liability, hangar keepers liability (ground and in-flight), aircraft liability, contingent aircraft liability, non-owned aircraft liability exposures and hull losses, through Superior Aerospace Insurance Company ("**SAIC**"), our wholly owned captive insurance subsidiary to enhance our risk financing strategies. According to Frost & Sullivan, it is industry practice to use captive insurance companies in the aviation industry. SAIC is subject to insurance laws, rules and regulations in Vermont relevant to captive insurance companies, including those relating to its

formation and levels of liquidity (including minimum capital and surplus), payment of dividends, filing of reports and statements and investment requirements. As advised by Gravel, SAIC had been in compliance with all applicable insurance laws, rules and regulations of Vermont in all material respects during the Track Record Period and up to the Latest Practicable Date.

As part of our self-insurance arrangements, SAIC issued an indemnity policy to us for 100% of the value of any losses incurred under our self-insured retention policy years, as well as a legal liability reinsurance policy for a portion of our product liability coverage, which is fully reinsured by third-party insurers. Under such arrangements, we incur up to a certain amount of any losses, settlement, and fees incurred for covered claims related to incidents occurring in a policy year. For the policy year 2023-2024, such amount was US$4.7 million. Once we have incurred the aggregate US$4.7 million of expenses, 46.3% of expenses are covered by the indemnity policy through reinsurance and the remaining expenses are covered by other insurers, up to an aggregate total of US$150.0 million for claims arising from products and premises and general liability losses and up to an aggregate total of US$3.0 million for claims arising from hull losses. Our insurance policy covers the cost of punitive and exemplary damages only in certain jurisdictions, which does not include California. Under California state law, punitive and exemplary damages are generally not insurable. During the Track Record Period and up to the Latest Practicable Date, we have not incurred costs related to punitive and exemplary damages from claims.

The following table represents our aggregate exposure for these self-insured retention measures, in addition to the annual policy premium, indicating that we would pay up to this maximum level for any losses, settlement, and fees incurred for covered claims related to incidents occurring in the policy year:

Policy Year	Aggregate Exposure
	(US$'000)
2015–2016	5,640
2016–2017	3,935
2017–2018	3,791
2018–2019	3,760
2019–2020	3,680
2020–2021	3,880
2021–2022	4,000
2022–2023	4,000
2023–2024	4,745

The aggregate exposure, in addition to the annual policy premium, indicates that our Group would pay up to this maximum level for any losses, settlement, and fees incurred for covered claims related to incidents occurring in the policy year. We record the aggregate exposure as set forth in the table above to profit and loss for that specific policy year for all years during the Track Record Period. The product liability that is in excess of this aggregate exposure is recorded as reinsurance recoverable.

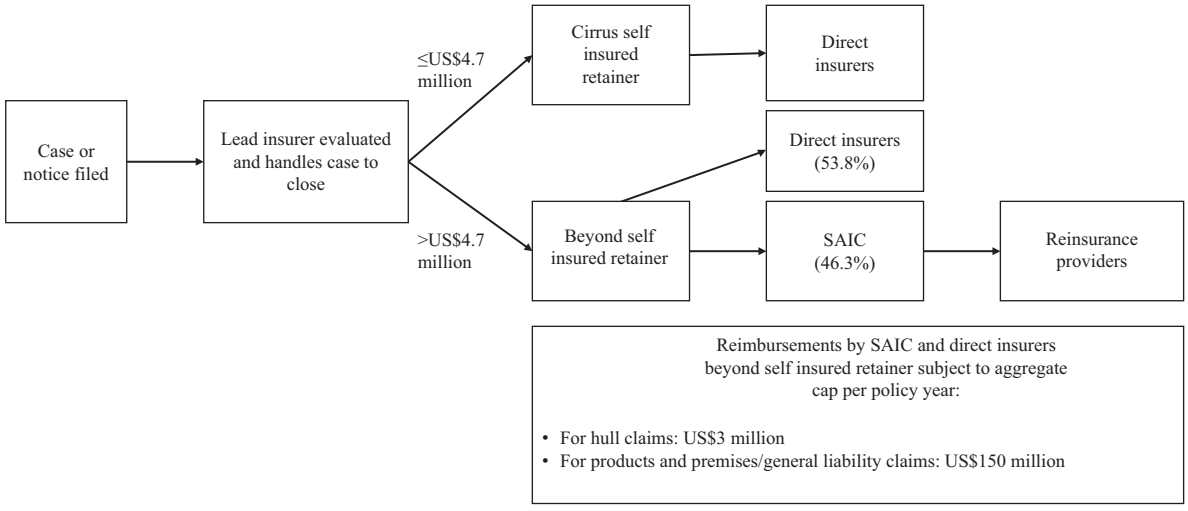
Once the aggregate insurance loss exposure has been determined for any policy year, we recognize loss exposure if it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. We then calculate our total loss exposure consistent with our applicable retention for the policy year. Our loss reserve may be adjusted from time to time based on adjustments in the insurance company reserves. As of December 31, 2023, our accrued product liability was US$35.3 million and reinsurance recoverable was US$21.4 million. See "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Reinsurance Recoverable" for more information.

The product liability claims that arise in our ordinary course of business are accounted as provision under IAS 37 which requires our Group to estimate the product liability exposure with reference to the results from a lead underwriter. Our reserves for product liability loss exposure and recovery from insurance providers is determined by reviewing loss estimates of our lead underwriter as well as an actuarial assessment performed by our insurance broker. The exposure and recovery from insurance provider is calculated by taking into account the ultimate self-insured retentions for that specific year and represent 100% values. The lead underwriter determines estimated total loss exposure by examining field-related incidents; establishing an estimate of potential liability exposure based on the facts of the incident and possible theories of liability, jurisdiction, and other factors; and determining legal and other fees that may be incurred. See Note 2.17 to the Accountant's Report included in Appendix I to this Document for more information on the relevant accounting policy. The accrued product liability is therefore an estimate based on various factors within the policy years and does not correlate specifically to particular incidents or cases. This estimate of overall loss exposure for all cases is updated at least annually, in conjunction with third-party estimates, giving consideration for new developments in each case.

As we carry product liability insurance, with a portion of this insurance coverage being done via reinsurance instruments, we recognize as current assets reinsurance recoverable for product liability that represents both the direct and reinsurance markets. Therefore, although the amount of accrued product liability may be adjusted following updates to the estimate of overall loss exposure for all cases at least annually based on the various factors discussed above, to the extent any adjustment results in product liability exceeding our aggregate exposure amounts, we will correspondingly recognize reinsurance recoverable as a current asset and a corresponding liability for this exposure. The net amount of accrued product liability and reinsurance receivable

represents the outstanding estimated product liability exposure borne by our Group, at the end of each reporting year or period. Our Group may adjust the accrued product liability based on the estimate of overall loss exposure for all cases performed annually. If additional loss exposure is identified during this review it would increase both the reinsurance recoverable and accrued product liability similarly as these are covered by our Group's insurance arrangements. We did not incur additional cost relating to prior policy years during the Track Record Period and up to the Latest Practicable Date.

The below chart illustrates our product liability insurance arrangements:



We also maintain a comprehensive commercial and product liability and casualty liability damage insurance portfolio customary in the personal aviation industry covering liabilities or losses arising from general liability, property risks, director and officer liability, business interruption, special risk, workers compensation and employers' liability and other insurance (such as car and cyber insurance). In particular, we maintain aviation commercial general liability and aviation hull and liability (including products and grounding liability) reinsurance and terrorism liability insurance to insure against some of the risks associated with our production process and business interruption insurance to protect us against lost profits in certain circumstances. Casualty insurance is required to be maintained at levels in excess of our anticipated net book value for the aircraft (or a maximum of US$3.0 million per aircraft), and liability policies are required to provide coverage at industry standard levels. According to Frost & Sullivan, the Company's insurance coverage for product and casualty liabilities is in line with the market practice of aviation firms combining aviation commercial general liability insurance, aviation hull insurance and aviation product insurance so as to provide adequate coverage.

We generally renegotiate our insurance policies on an annual basis. The majority of our current insurance policies expire within the next 12 to 18 months. We cannot predict the levels of the premiums that we may be required to pay for subsequent insurance coverage, the level of any retention applicable thereto, the level of aggregate coverage available or the availability of coverage for specific risks.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies.

For risks associated with product liability and insurance, see "Risk Factors — Risks Relating to Our Business and Industry — We could suffer losses and adverse publicity stemming from any accident involving our aircraft," "Risk Factors — Risks Relating to Our Business and Industry — The operation of aircraft is subject to various risks, and failure to maintain an acceptable safety record may have an adverse impact on our ability to obtain and retain customers," "Risk Factors — Risks Relating to Our Business and Industry — We are subject to potential warranty and product liability claims, which could cause material harm to our brand image and reputation and have a material adverse effect on our business, financial condition, results of operations and prospects," "Risk Factors — Risks Relating to Our Business and Industry — Our insurance may become too difficult or expensive to obtain. If we are unable to maintain sufficient insurance coverage or experience delays or failures by our insurance providers to process or pay our insurance claims, in time or at all, it may materially and adversely impact our business, financial condition and results of operations." for more information.

PROPERTY

As of December 31, 2023, we owned and leased certain properties in connection with our business operations in Duluth, Minnesota; Grand Forks, North Dakota; Knoxville, Tennessee; McKinney, Texas; Scottsdale, Arizona; Benton Harbor, Michigan; and Kissimmee, Florida. We possess valid title documents to all our owned properties. Our leases generally have a term ranging from one to 50 years, and we expect to renew the leases upon their expiration. All of the landlords for our leased properties are independent third parties.

The table below sets forth a summary of our properties which were considered material as of December 31, 2023:

Facility name	Location	Approximate floor area	Key processes
		(sq.m.)	*(sq.m.)*
Duluth[(1)]	Duluth, MN	707,874	Production, painting, flight testing, global parts distribution, engineering, administrative, experimental builds
Grand Forks[(2)]	Grand Forks, ND	179,983	Production, composite materials manufacturing
Knoxville[(3)]	Knoxville, TN	158,362	Aircraft training, maintenance, management, flight training, e-commerce and retail store, new aircraft delivery center
McKinney[(4)]	McKinney, TX	16,762	Aircraft training, maintenance, management
Scottsdale[(4)]	Scottsdale, AZ	6,804	Flight training
Benton Harbor[(4)]	Benton Harbor, MI	13,000	Painting
Kissimmee[(4)]	Kissimmee, FL	14,126	Aircraft training, maintenance, management

Notes:

(1) Our Duluth, Minnesota location is comprised of 12 facilities, of which six facilities (approximately 532,177 sq. ft.) are owned and six facilities (approximately 175,697 sq. ft.) are leased. In July 2023, we acquired one of the production facilities (approximately 79,000 sq. ft.) we previously leased from the City of Duluth, Minnesota for US$3.45 million.

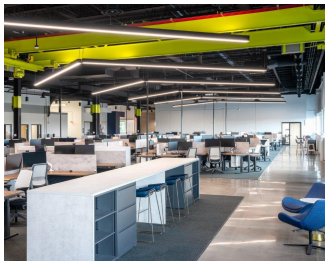
(2) Our Grand Forks, North Dakota location is comprised of a single facility, which we own.

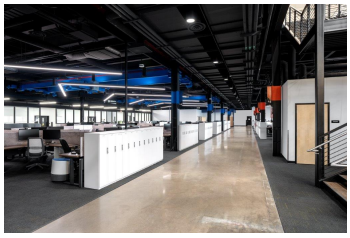
(3) Our Knoxville, Tennessee location is comprised of nine facilities, all of which are leased.

(4) Each of these facilities is leased.

We continue to focus on in-house innovation through initiatives, such as our 189,000 square foot Innovation Center in Duluth, Minnesota that was opened in September 2023 to which we transitioned our product development group. This allowed us to expand our automation solutions and/or assembly stations and locations at our existing production facilities at Duluth, Minnesota to better optimize and gain efficiencies in our existing production lines. The state-of-the-art center features flexible workspaces that promote an optimal collaborative workspace and break from the traditional office and lab environment to serve as a base for the development of the next generation of Cirrus aircraft.

The following images show our Innovation Center:







As none of our properties had a carrying amount of 15% or more of our consolidated total assets as of December 31, 2023, we are not required to include a property valuation report in this Document according to Chapter 5 of the Listing Rules and Chapter 32L of the Laws of Hong Kong.

LICENSES, CERTIFICATES AND PERMITS

We are required to obtain various licenses, permits and approvals for our operations. During the Track Record Period and as of the Latest Practicable Date, we had obtained all material licenses, permits and certificates required by applicable U.S. laws to carry out our operations and, as of the Latest Practicable Date, such licenses, permits and certificates were valid and remain in effect.

The following table sets forth a list of our material licenses, approvals and certificates:

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Type Certificate No. A00021CH	Cirrus Design	FAA	Certifies the design of the SR10 aircraft model	November 17, 2022; effective indefinitely
Export License No. D1263947	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	May 9, 2022 to May 31, 2026

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Authorization ODA-834662-CE. . . .	Cirrus Design	FAA	Type Certificate and Production Certificate Organization Designation	June 28, 2023 to July 17, 2025
Export License No. D1225542	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, technology, and maintenance training	February 16, 2021 to February 28, 2025
Export License No. D1243320	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR20 aircraft, spare parts for final assembly of a completed SR22 aircraft, and related technology for final assembly of the SR20 and SR22 aircraft, including maintenance training (but the SR22-related parts and technology cannot be exported to AG Huanan)	September 22, 2021 to September 30, 2025
Export License No. D1327197	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR22 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	August 3, 2023 to August 31, 2027
Export License No. D1225896	AG Zhejiang	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft and kits of SR10/AG100 aircraft, related composite materials, technology for manufacturing, assembly, configuring and testing related equipment	February 9, 2021 to February 28, 2025

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Supplemental Type Certificate No. SA04449CH	Cirrus Design	FAA	Certifies retirement life extension of SR20	March 3, 2020; effective indefinitely
Supplemental Type Certificate No. SA04440CH	Hartzell Propeller[(1)]	FAA	Certifies the installation of propeller on SR22T	January 6, 2020; effective indefinitely
Supplemental Type Certificate No. SA00378BO	Cirrus Design	FAA	Certifies the installation of integrated wingtip exterior light assemblies on SR2X models	December 28, 2016; effective indefinitely
Type Certificate No. A00018CH	Cirrus Design	FAA	Certifies the design of the Vision Jet aircraft	October 28, 2016; effective indefinitely
Supplemental Type Certificate No. SA00269BO	Avidyne Corporation[(1)]	FAA	Certifies the installation of Avidyne Corporation TWX 670 Tactical Weather Detection System	April 8, 2008; effective indefinitely
Supplemental Type Certificate No. SA02013CH	Avidyne Corporation[(1)]	FAA	Certifies the installation of Avidyne Corporation Traffic Advisory System (TAS)	August 2, 2004, effective indefinitely
Supplemental Type Certificate No. SA02217AK	Garmin AT[(1)]	FAA	Certifies the installation of Garmin AT Model GDL90 UAT Data Link System	June 8, 2004; effective indefinitely
Supplemental Type Certificate No. SA01708SE	Precise Flight[(1)]	FAA	Certifies the installation of fixed oxygen system on SR22, SR22T	October 4, 2006; effective indefinitely
Supplemental Type Certificate No. SA01355WI-D	Cirrus Design	FAA	Certifies the installation of the Bendix/King KR 87 ADF and/or KN 62A DME on SR20 and SR22	October 4, 2005; effective indefinitely
Production Certificate No. 338CE	Cirrus Design	FAA	Authorizes the production of aircraft at various Cirrus facilities	Issued June 12, 2000; effective indefinitely

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Type Certificate No. A00009CH	Cirrus Design	FAA	Certifies the design of SR20, SR22 and SR22T	October 23, 1998; effective indefinitely
Repair Station Certificate No. CDCR140E	Cirrus Design	FAA	Certifies repair station in McKinney, Texas	December 6, 2022; effective indefinitely
Repair Station Certificate No. YD5R855Y	Cirrus Design	FAA	Certifies repair station in Duluth, Minnesota	January 26, 2001; effective indefinitely
Repair Station Certificate No. 9B0D988C.	Cirrus Factory Service Center	FAA	Certifies repair station in Kissimmee, Florida	February 14, 2023; effective indefinitely
Repair Station Certificate No. 9B0R988C.	Cirrus Factory Service Center	FAA	Certifies repair station in Alcoa, Tennessee	March 5, 2021; effective indefinitely
Training Center Certificate No. 8TVX092K.	Cirrus Design	FAA	Certifies training center in Alcoa, Tennessee	June 25, 2018; effective indefinitely
Dealer's Aircraft Registration Certificate No. D007235.	Cirrus Design	FAA	Facilitates operating, demonstrating, and merchandising aircraft to prospective customers	February 28, 2024 to February 27, 2025
Statement of Qualification, Flight Simulation Training Device No. 1588. . . .	Cirrus Aircraft	FAA	Qualifies Level D Flight Simulation Training Device	Effective until November 30, 2024
Statement of Qualification, Flight Simulation Training Device No. 1602. . . .	Cirrus Aircraft	FAA	Qualifies Level 6 Flight Simulation Training Device	Effective until November 30, 2025
Statement of Qualification, Flight Simulation Training Device No. 1824. . . .	Cirrus Aircraft	FAA	Qualifies Level 6 Flight Simulation Training Device	Effective until November 30, 2024

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Statement of Qualification, Flight Simulation Training Device No. 1999. . . .	Cirrus Aircraft	FAA	Qualifies Level D Flight Simulation Training Device	Effective until February 28, 2025

Note:

(1) For these supplemental type certificates ("**STCs**") that are not issued to our Company or our subsidiary, Cirrus Design Corporation, but to other holders, although each of these STCs covers an externally-sourced component, each of these STCs reflects a design that we approved. In particular, these STCs represent (1) certain design changes or modifications that have been adopted in newer generation aircraft where previous generation customers may wish to upgrade their older aircraft with these approved components, and/or (2) aftermarket parts that we sell as upgrades.

An STC is a type certificate issued when an applicant has received FAA approval to modify an aeronautical product from its original design. The STC, which incorporates by reference the related type certificate, approves not only the modification but also how that modification affects the original design. Under FAA regulation, any individual or company — including a company that does not hold the type certificate for a product — has the ability to apply to the FAA for an STC that authorizes altering that product by introducing a major change in the product's type design. Further, an STC holder may allow another company, including the base type certificate holder, to use the STC to alter the product. Typically, in line with industry practice, the right to use an STC would be inclusive in the price of the relevant component. A STC holder may install, or sell for installation, the modification defined by the STC.

The aviation industry generally involves a wide variety of classification of aviation-related modification or upgrades. STCs do not have to be held by aircraft manufacturers. Many professional aviation component providers and/or aviation solution providers apply for STCs, for example providers of maintenance, repair and overhaul with strong capabilities to carry out aircraft upgrades. This allows them to better serve demand from airline companies and/or individual/ corporate owner of aircraft. There are no specific constraints on the maximum number of STCs that can be issued. Due to these factors, it is common practice for aviation market participants (including manufacturers, as well as solution and components providers not related to aircraft manufacturers) to apply for and hold STCs to supplement or modify aircraft for which the aircraft manufacturer holds the type certificate, according to Frost & Sullivan.

We monitor the validity of, and make timely applications for the renewal of, relevant licenses, permits and certificates prior to the expiration date. We had not experienced any material difficulty in obtaining or renewing the required licenses, permits and certificates for our business operations during the Track Record Period and up to the Latest Practicable Date. See "Risk Factors — Risks Relating to Our Business and Industry — 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 "Risk Factors — Risks Relating to Our Business and Industry — The modification, renewal and revocation of permits, approvals, authorizations and licenses may impose limitations that increase the costs or limit the availability of our products."

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Year	Award/Recognition	Product Recognized by Award	Issuing Authority
2023	Gold Prize, Air Mobility	Vision Jet and CAPS	Edison Awards
2018	Innovation of the Year (Finalist)	SR2X Series	Flieger Magazine
	Aircraft of the Year	SR2X Series	Aerokurier Magazine
	Innovation Award	Vision Jet	Flying Magazine
	Plane of the Year	Vision Jet	Plane & Pilot Magazine
	Innovation Award	Vision Jet	Aerokurier Magazine
2017	Robert J Collier Trophy	Vision Jet	The National Aeronautic Association
	Plane of the Year	Vision Jet	Plane & Pilot Magazine
	Editor's Choice Awards	Vision Jet	Flying Magazine
	Bespoke List (listing)	Vision Jet	Robb Report
	Best of What's New	Vision Jet	Popular Science Magazine
2016	Joseph T. Nall Safety Award	Cirrus Approach	The Aircraft Owners & Pilots Association Air Safety Institute
2014	Joseph T. Nall Safety Award	Cirrus Aircraft SR Safety Design Team	The Aircraft Owners & Pilots Association Air Safety Institute

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE POLICY

Governance structure

Solid corporate governance forms the foundation of our operations. The Board has the overall responsibility for our sustainability strategy and reporting, and oversees sustainability issues related to our operations.

To ensure a better implementation system in place, we have established a committee which is focused on environmental, social and governance matters (the "**ESG Committee**"), and composed of members from the Customer Experience Team, led by the executive director of marketing. The committee is expected to expand to include representatives from different departments and roles

across the organization to ensure that all aspects of our Group are represented. The ESG Committee reports up to the executive leadership level which includes the chief executive officer and the presidents of innovations and operations and customer experience respectively.

We monitor our ESG-related performance via monthly updates from the executive committee. The ESG Committee is responsible for drafting a comprehensive sustainability plan. The plan has currently received executive approval to move forward with its second phase, which involves surveying and analyzing our footprint to identify short-term objectives that can be implemented while the long-term plan is being developed. The ESG Committee meets twice monthly to discuss progress and extend plans for the second phase of the initiative. As part of this effort, the ESG Committee is being expanded to include inputs from all areas of our Group, which will bring local perspective to the larger effort and engender commitment at the local level. This commitment to sustainability and the establishment of the ESG Committee demonstrate our governance structure and our dedication to a sustainable future.

The Board will adopt the following approaches to identify, manage and review material ESG issues:

Identify: The Board will engage key stakeholders, including our major suppliers, management team, employees, and clients to identify material ESG issues and risks inherent in our business operations. The Board believes that open dialogue with stakeholders plays a crucial role in maintaining our business sustainability.

Assess: Apart from assessing the performance of our ESG measures through discussion with our stakeholders, the Board will engage an independent third party to identify and assess our performance in respect of environmental protection and climate change.

Review: The Board will review the progress made against ESG-related goals to guide us to achieve better ESG performance. Via our ESG policy, a set of systematic risk management practices have been put in place to ensure financial and operational functions, compliance control systems, material control, asset management and risk management all operate effectively.

Climate-related risk and opportunities

Climate change is a critical issue that has become increasingly relevant to the piston-engine aircraft industry in recent years. The industry is vulnerable to climate-related risks as extreme weather events, such as hurricanes, thunderstorms, and heatwaves, can disrupt aircraft operations, impact supply chains, and reduce consumer demand. Additionally, as the aviation industry is a

significant contributor to greenhouse gas emissions, there is a growing need for aircraft manufacturers and operators to address the risks posed by climate change. These risks include decreased productivity and reputational damage.

Nonetheless, under the transition to a low-carbon economy, we can also seize opportunities such as developing innovative technologies and adopting sustainable practices to reduce our carbon footprint and improve our environmental performance. Overall, it is crucial for us to prioritize climate change and take action to mitigate risks and capitalize on opportunities to ensure our long term success. We have identified the following climate-related risks and opportunities that can potentially impact our business.

Physical risks

In recent decades, climate change has caused a range of events that can affect regions worldwide, including more frequent and severe extreme weather events and rising sea levels. These events pose two types of physical risks: acute and chronic. Acute physical risks refer to the immediate consequences of extreme weather events, such as typhoons, storm surges, and rainstorms. These risks can disrupt supply chains and production, damage facilities, and ultimately impact revenue. Chronic risks refer to the longer-term impact of climate change, such as rising sea levels and changing precipitation patterns.

As an aviation company, we rely on a complex global supply chain, which may be disrupted by climate change. Climate change impacts various entities and functional levels in supply chains, and the ripple effect of climate change leads to risk of propagation along the supply chain network. Unusual weather events and natural disasters may directly or indirectly affect multiple entities within supply chain networks such as physical infrastructure and assets, natural resources and workforce. This could lead to delays, increased costs, and reduced reliability for our business operation.

How to mitigate physical risks

We acknowledge the significant risk that extreme weather poses to our fixed assets, particularly our manufacturing facilities. Nonetheless, our facilities' geographical locations in North Dakota and Minnesota are not susceptible to hurricanes and flooding and we are at a lower risk of experiencing property damages and revenue loss from extreme weather. To further mitigate the potential physical risk, we have purchased production plant insurance to safeguard our property assets. In addition, our supply chain team actively monitors impending weather and takes proactive measures, such as rerouting logistics and shipping products early, to minimize disruptions to our production line. Looking forward, we are considering making such measures a requirement for

potential suppliers or business partners seeking to do business with us. Furthermore, we will factor in all climate risks and locations when establishing new plants or considering mergers and acquisitions.

Transition risk

Transition risk refers to the financial risk related to the process of adjustment towards a lower-carbon economy which can be prompted by, for example, changes in climate policy, technological changes, or a change in market sentiment.

Technology

Traditional aviation fuel is derived from petroleum and contributes to greenhouse gas emissions. As pressure mounts to reduce emissions and mitigate climate change, aviation companies may be required to transition to alternative aviation fuels with lower environmental impacts, such as biofuels and synthetic fuels. However, this transition will require significant investment in new technologies and infrastructure, which may pose challenges to the industry players in the aviation industry.

Legal and policy

As a consequence of the U.S. government's stated objective to achieve 100% clean electricity goal by 2035, the use of renewable energy in electricity generation will substantially increase. Electricity generated from renewable sources has a relatively higher price, the transition to which may substantially increase the operation costs. Furthermore, the U.S. government has taken additional steps to address climate-related issues in the transportation and aviation sectors. In November 2021, the EPA implemented a new greenhouse gas emission standard for commercial airplanes and large business jets. The same year, the FAA published the U.S. Aviation Climate Action Plan, which outlines a government-wide approach to help the aviation sector achieve net-zero emissions by 2050. Additionally, the U.S. government is also pushing for ambitious new international CO_2 standards at the upcoming round of International Civil Aviation Organization negotiations and has announced a series of actions aimed at promoting sustainable aviation fuel ("**SAF**") development. It is anticipated that new regulations or emission standards may also affect piston-engine aircraft companies in the future.

Reputation

As climate change becomes an increasingly pressing issue, consumers and investors are paying more attention to the environmental impact of companies. Aviation companies that are seen as laggards in terms of reducing their carbon footprint may face reputational damage and loss of business. We are dedicated to operating in a sustainable manner to ensure the long-term viability of the business.

How to mitigate transition risks

Technology

We are actively exploring alternative aviation fuels and gradually eliminating leaded aviation fuels. Responding to the rising demand for sustainable products and the switch to a low-carbon economy, our latest aircraft model — The Vision Jet, is designed and certified to burn SAF that has been labeled to meet the American Society for Testing and Material International D1655 Standard Specification for Aviation Turbine Fuels. Through the incorporation of SAF in the Vision Jet, we are able to achieve a minimum of a 50% reduction in lifecycle greenhouse gases ("**GHG**") compared to conventional fuel. We are continuing to test new SAF fuels to further reduce the GHG and emissions in our single-engine jet aircraft. In addition, we actively monitor climate-related risks and review our policies when necessary.

Legal and Policy

To mitigate legal and policy risks, we will take notice of all legal and regulatory updates about new regulations and emission standards that may affect our business by monitoring government websites, industry associations, and news outlets, and ensure that we are fully prepared to comply with more stringent regulations. Additionally, with our investment in research and development of new technologies and infrastructure for alternative aviation fuels, we are actively improving our sustainability performance and are always prepared to comply with new regulations and emission standards.

Reputation

We are prioritizing sustainability and will actively engage with our stakeholders, including customers, investors, and employees, to understand their expectations and concerns around sustainability. In addition, we will establish environmental targets for reducing our carbon footprint and regularly review and report their progress. By doing so, we demonstrate our commitment to sustainability and provide transparency to stakeholders.

Additionally, to further increase transparency and provide accurate disclosure of sustainability-related information, we will publish ESG report annually. This report can provide stakeholders with a comprehensive overview of our sustainability initiatives, progress, and future plans, which ensures the customers that we operate in a sustainable and responsible manner.

Opportunities

We have also identified opportunities stemming from the transition to a low-carbon economy. In February 2022, leaders from the aviation and petroleum industries, along with the FAA, announced the Eliminate Aviation Gasoline Lead Emissions ("**EAGLE**") program, aimed at eliminating the use of leaded aviation fuel by the end of 2030, without adversely affecting the existing piston-engine fleet. As part of this initiative, we have committed to testing alternate fuels to reduce our carbon footprint by 2030. This transition has motivated us to explore new technologies and further enhance our sustainability performance. Under these measures, we have the potential to expand our market to include environmentally conscious customers.

Environmental policy

Environmental protection

Our activities in the U.S. are subject to U.S. federal, state, and municipal laws governing the release of pollutants into the water, air, and soil. These laws affect how we receive, handle, store, market, label, and sell our products, and how our consumers use and dispose of our products. See" Regulatory Overview — Environmental Laws and Regulations" for details.

We are committed to reducing our impact on the environment by reviewing and implementing potential projects and activities that will further reduce our impacts on the environment for the future. Our commitment to the environment extends to our customers, our employees and the community in which we operate. We are committed to:

- Comply with all applicable environmental regulations;
- Prevent pollution whenever possible;
- Train our employees on our environmental program and empower them to contribute and participate;
- Communicate our environmental commitment and efforts to our customers, employees and our community; and

- Continually improve over time by researching and implementing environmental controls when necessary.

During the Track Record Period and up to the Latest Practicable Date, the Group had not identified any non-compliance with applicable environmental laws and regulations. To ensure our continued compliance, we utilize our project management tracking system to track and monitor compliance related expectations. We also partner with an external environmental consulting firm to ensure that we remain up to date with all relevant environmental regulations. This allows us to navigate complex environmental legislation and maintain our compliance. In addition to this, the Company also recently employed an internal environmental health and safety manager who possesses extensive environmental expertise to oversee our environmental regulatory obligations. We believe that we are well-positioned to continue our positive track record of environmental responsibility.

Additionally, we recognize that our operations have the potential to negatively impact the environment, and therefore we have established internal policies at our assembly campus in Duluth, Minnesota to minimize our impact. These policies include:

- Hazardous Waste Storage and Disposal
- Above Ground Storage Tanks Management
- Stormwater Pollution Prevention Plan

Additionally, to minimize the risk of hazardous material spills, we have implemented a Spill Prevention, Control, and Countermeasure Policy at our assembly campus in Duluth, Minnesota and our Vision Center in Knoxville, Tennessee. This policy outlines the steps to be taken in the event of a spill or release, and clearly defines the responsibilities of responding personnel. We have assigned teams to manage, monitor, modify, and ensure compliance with each of the internal policies. This is to strengthen the implementation of these policies and ensure that we continue to minimize our impact on the environment.

Use of resources

We are committed to responsible resource use and conservation of natural resources. To achieve this, we have implemented internal policies to ensure efficient use of materials and natural resources in production processes, responsible management of energy and water resources, effective implementation of energy and water management measures, reduction of waste production, and sustainable sourcing of materials.

We consume energy primarily in production facilities and service centers and are actively developing energy initiatives to reduce consumption during the manufacturing process. In addition, we have taken measures to improve energy efficiency in our buildings by installing shades on south and west facing windows, adding drop ceilings in high bay areas, upgrading hot water heaters and replacing HVAC units with high-efficiency models, and adopting a Building Management System to monitor maintenance and improve air compressor efficiency in paint booths.

Furthermore, we have partnered with Minnesota Power to utilize rebates in order to support energy-saving initiatives such as replacing inefficient lighting with high-efficiency LED lighting and investing in a new high-efficiency Variable Refrigerant Flow mechanical system for our Innovation Center building.

Through these policies and energy-saving measures, we believe we have demonstrated our commitment to conserving energy and promoting responsible resource use.

Environmental performance and metrics

We adhere to all relevant regulations outlined by the Minnesota Pollution Control Agency and the EPA, including Hazardous Waste, Air Permitting, Stormwater Permitting, and Wastewater Permitting, which we believe demonstrates our commitment to environmental stewardship.

Air emissions

We have obtained a Title V air permit for our operation, which is a requirement outlined by the Clean Air Act of 1970. This permit requires us to conduct regular monitoring of our air emissions, such as nitrogen oxides, sulphur dioxide, particulate matter, and Volatile Organic Compound ("**VOC**"), and to comply with recordkeeping obligations.

We are actively exploring the application of SAF in our aircraft to further reduce our air pollution. Furthermore, we are improving equipment performance by utilizing state-of-the-art paint booths, enhancing filter capabilities, and enhancing the efficiency of our painting processes to reduce VOC emission.

GHG emissions

The main sources of our GHG emissions were the consumption of natural gas and purchased electricity in our operation process. We also took into account specific facilities within our Vision Center in Knoxville, Tennessee, including hangars, the flight simulation building, and the site

warehouse. It is important to note that we excluded the Experience Center within our Vision Center, as it is a leased property that does not report utility values. Additionally, in 2023, we introduced a new building, the Innovation Center in Duluth, Minnesota. The usage of resources and the subsequent GHG emissions associated with this new facility were included in the data reported for 2023.

The following table presents our greenhouse gas emissions for the years indicated:

Scope of Greenhouse gas emissions	Emission Sources	Unit	2023	2022	2021
Scope 1 emission[(1)] . . .	Combustion of natural gas	tCO_2e	7,943.48	6,671.96	5,083.64
Scope 2 emission[(2)] . . .	Purchased electricity	tCO_2e	7,275.30	7,859.75	6,866.75
Total		tCO_2e	15,218.78	14,531.71	11,949.39
Intensity		tCO_2e/million USD revenue	14.24	16.25	16.19

Notes:

(1) As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by the Stock Exchange, Scope 1 greenhouse gas emissions refer to direct emissions from equipment and operations that are owned or controlled by our Group (thus emissions from aircraft that are sold to customers are not included).

(2) As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by the Stock Exchange, Scope 2 greenhouse gas emissions refer to energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within our Group.

Our Scope 1 and Scope 2 emissions have increased by 56.3% and 5.95%, respectively, from 2021 to 2023. These rises are primarily attributed to the growth in aircraft sales, which consequently leads to higher consumption of natural gas and purchased electricity during the aircraft production process.

It is important to note that despite the increases in Scope 1 and Scope 2 emissions, the GHG intensity decreased from 16.19 in 2021 to 14.24 in 2023. This suggests that the rise in emissions aligns proportionally with the growth in our total revenue. As our business expands, there is a corresponding increase in emissions, but the intensity of emissions per million revenues generated has decreased throughout the Track Record Period.

In addition to Scope 1 and Scope 2 emissions, our value chain is also associated with Scope 3 emissions. We have identified four main categories of Scope 3 emissions that are relevant to our business, including upstream transportation and distribution, waste generated in operations, downstream transportation and distribution, and use of sold product. We are currently in the process of developing a robust data collection system to effectively gather the required information for disclosing Scope 3 emissions.

Nonetheless, it is important to note that the data necessary for calculating these emissions is not readily available. A significant portion of this data relies on external entities, including suppliers and other partners, whose data monitoring and tracking are beyond our control. As it requires gathering data from various stakeholders across multiple stages, it is difficult to track and quantify emissions accurately. We are aware that data availability and reliability can vary among these external entities, which may result in incomplete or inconsistent data sets.

Despite these challenges, we are looking to incorporate sustainability assessment into our evaluation of suppliers and, therefore, hope to drive incentive for suppliers to provide more sustainability-related data.

Resource Consumption

As an aircraft manufacturer and retailer, we mainly consume natural gas and electricity in the course of our operation. Natural gas is used in building heating operations and manufacturing equipment for processes requiring heat. At our manufacturing facility in Grand Forks, our assembly campus in Duluth, and our Vision Center in Knoxville, Tennessee, natural gas is the primary source of heat for all buildings. In Grand Forks, North Dakota, natural gas is also used to heat composite layup parts in the ovens. In Duluth, Minnesota, the ovens and paint booths are used for composite bonding and paint finishing, with the exception of the electricity section noted below. In Knoxville, Tennessee, natural gas is used in the paint booth.

Electricity is used for general power, air movement, air conditioning, lighting, and IT infrastructure in all buildings. Manufacturing, engineering, and service at all campuses use electric derived compressed air, vacuum, and paint finish booth air movement. Electricity is also used to power all general direct wired equipment. In Duluth, Minnesota, electricity powers the Jet composite and small bonding fixtures, and in Knoxville, Tennessee, it powers the Full Flight (Motion) Simulator.

The following table presents our key energy consumption data for the years indicated:

Energy Source	Unit	2023	2022	2021
Natural Gas	CCF	1,589,143.61	1,334,768.82	1,017,014.83
Electricity	MWh	18,521.12	20,008.98	17,478.50
Total energy consumption	MWh	65,083.02	59,117.71	47,277.04
Total energy consumption intensity	MWh/million USD revenue	60.91	66.12	64.05

Note: Key energy consumption data was collected from the manufacturing facility in Grand Forks and the assembly campus in Duluth. For energy usage in the Vision Center, only data from facilities that report utility values was taken into account.

In addition to energy consumption, we also utilize water in our operations. The following table outlines our water usage for the years indicated.

Consumption	Unit	2023	2022	2021
Water	m^3	44,712.03	31,878.14	24,236.58
Intensity	m^3/million USD revenue	41.81	35.65	32.83

Please refer to the following table for relevant data from selected industry peers of the Company for the year ended December 31, 2022.

	Scope 1 + Scope 2 Emissions (tCO_2e)	Emissions Intensity (tCO_2e/million USD revenue)	Energy consumption (in MWh)	Energy intensity (MWh/million USD revenue)	Water consumption (m^3)	Water consumption intensity (m^3/million USD revenue)
The Company	14,532	16.25	59,117.71	66.12	31,878.14	35.65
Textron Inc. ("**Textron**")	484,313	37.6	1,530,279	119	3,829,303	298
Bombardier Inc. ("**Bombardier**")	92,302	13	537,802.93	78	489,963	71

Note: Environmental data of Textron Inc. and Bombardier Inc. is extracted from Textron's 2022 Corporate Sustainability Report and Bombardier's 2022 ESG report, respectively.

Based on our environmental data for the year ended December 31, 2022, most of our environmental indicators, including scope 1 + scope 2 emissions, energy consumption, water consumption, and water consumption intensity, were lower than the sampled industry peers. However, despite operating in the personal aviation market, the two selected companies exhibit a more diversified product portfolio than us. We specialize in manufacturing single-engine piston aircraft and jet aircraft, whereas Textron offers a broader range of products like business jets and military and commercial helicopters, and Bombardier primarily focuses on business jets and military aircraft. Additionally, all the selected industry peers also generate higher revenue than us, which contributes to significantly higher levels of greenhouse gas emissions and resource consumption.

Targets

We recognized the importance of environmental protection and sustainability. To promote environmental responsibility and reduce our environmental footprint, we have established environmental targets that are aligned with our overall business strategy and objectives. These targets are regularly reviewed and updated to ensure continuous improvement in sustainability practices. By setting these targets, we believe we are demonstrating our commitment to environmental protection by taking proactive measures to minimize our impact on the environment.

Category	Targets
GHG emission	Reduce GHG emission intensity by 10% by 2030, relative to 2022 level
Energy efficiency	Reduce the energy consumption intensity by 10% by 2030, relative to 2022 level

Approaches to Achieving Environmental Targets

We are actively investigating various methods to meet our new environmental targets. At present, we plan to implement a number of measures, as outlined in the table below.

Reducing GHG emission	• Actively improve energy efficiency to reduce GHG emissions from fuel combustion, including: - Streamlining production processes to reduce energy consumption and improve productivity; - Conducting a thorough analysis of the production workflow to identify and address any bottlenecks; - Promoting regular communication and feedback among employees to encourage the exchange of energy-saving ideas and initiatives; • Actively consider the use of renewable energy for daily operation to reduce our carbon footprint
Energy efficiency	• Allocate more resources to R&D to develop innovative solutions; • Actively improve aviation fuel efficiency to reduce energy consumption: - Enhancing the aerodynamic design; - Incorporation of advanced and cutting-edge design, and using lighter material to reduce the aircraft's net weight; - Allocating R&D efforts to develop and integrate more efficient engines into the aircraft's design; • Actively consider the use of renewable energy for daily operations;

- Develop stringent internal management and examination systems throughout the whole production process; and

- Upgrade production equipment periodically to energy-efficient alternatives.

Significant Impacts on the environment and natural resources

According to the U.S. Aviation Climate Action Plan, the combustion of jet fuel in both domestic and international aviation is responsible for over 97% of CO2 emissions in the U.S. aviation sector. The remaining emissions are generated by airport operations and the use of aviation gasoline by piston engines. As a manufacturer of piston-engine aircraft, our operations and products are not considered to have a significant impact on the environment. Nevertheless, we recognize the importance of environmental protection and endeavors to reduce our impact on the environment.

Our operations and manufacturing processes require a notable amount of natural gas and electricity consumption, which contributes to the consumption of natural resources. For a comprehensive breakdown of our natural resource usage, please refer to "Resource Consumption" section. In an effort to reduce our energy consumption, we have implemented various energy-saving measures throughout our office centers and other facilities. See "Environmental policy — Environmental Protection" for details.

Aside from our business operation, we are also aware of the sustainability performance of our products and their potential impacts on the environment and natural resources. Our SR2X Series aircraft operate on leaded aviation gasoline ("**avgas**"), currently using 100 low-lead ("**100LL**") avgas for the piston engines. See "Financial Information — Key Components of our Consolidated Statement of Profit or Loss — Revenue by Revenue Stream" for the historical sales volume and breakdown of our SR2X Series aircraft.

Lead can have adverse impact on the ecosystem and human health. The planned phase-out of 100LL in the European Union by 2025 and the United States' target of a phase-out by 2030 has further escalated the demand for an alternative solution.

We have been actively participating in the Piston Aviation Fuel Initiative and EAGLE programs to identify alternative solutions for the 100LL avgas. As a signatory on the public-private partnership to identify a lead-free fuel replacement by 2030, we are dedicated to finding alternative solutions for the piston-engine aircraft industry.

In September 2022, the FAA has approved the General Aviation Modification Inc. ("**GAMI**") G100UL avgas as a replacement to 100LL avgas. It is an unleaded avgas that maintains or improves engine performance and, simultaneously, significantly reduces routine maintenance costs. We have acquired the G100UL avgas and began dedicated aircraft tests with onsite material labs and scientists to assess fuel compatibility and other chemical characteristic requirements on our SR20, SR22 and SR22T aircraft. The test began in January 2023 and baseline testing such as fuel gauge levels and fuel flow indications were completed. While the testing is still ongoing, we are optimistic that the fuel will be ready for use in our SR2X models soon.

Additionally, we intended to expand the use of this fuel in forthcoming products to improve the sustainability performance of our products. The G100UL avgas may cost more than 100LL initially, but the higher cost should be offset by lower maintenance costs for the aircraft, and it is expected to become more affordable once it is widely available. The impact of the phase-out on the Company's operations and financial performance is expected to be minimal. Furthermore, by acquiring G100UL, we believe we are showing our commitment to reduce the impacts on the environment.

In addition to our SR2X Series aircraft, our product lineup also features the Vision Jet. Designed for short-haul private travel, we acknowledge the potential environmental risks associated with its operation, such as its carbon footprint and air emissions. However, we have taken steps to address these concerns. According to Jet Support Services, Inc. Conklin & de Decker's CO_2 Calculator, a leading data provider to the business aviation industry, the Vision Jet has the lowest CO_2 emissions rate compared to all general and business aviation jets. The single-engine, V-tail design of the Vision Jet enables it to have a lower CO_2 emission per use. Additionally, the Vision Jet is SAF compatible. By using SAF, we hope to reduce the carbon intensity and the amount of air pollutants, which contributes to a more environmentally friendly aviation industry.

Social

Human resources

We adhere to the relevant laws and regulations to ensure employees' interests are protected. For details, please see "Regulatory Overview — Labor and Employment Laws."

In addition to the compliance with laws and regulations, we have adopted measures relevant to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

- Each employee receives and signs an employment offer letter specifying job details, including pay rate and work hours.

- Annual Total Rewards statements are distributed through our HR System, UKG, confirming job/Fair Labor Standards Act of 1938 status, compensation, and current benefits enrollment.

- Employee Handbook outlines policies on internal transfers, job postings, rest periods, equal opportunity, diversity, and anti-discrimination. We have put in place an equal Employment Opportunity Policy is established to promote the diversity and cohesiveness within our Group.

- Termination letter and the Consolidated Omnibus Budget Reconciliation Act information/enrollment form are sent to employees when their employment is terminated.

- Annual employee performance reviews are conducted, providing opportunities for supervisors and employees to review past work and set performance goals and development plans for the new year.

- Tuition Assistance program for eligible/approved employees to support career growth through postsecondary classes. Departments allocate budget for continuing education opportunities such as professional certifications, training, and seminars for job-specific training.

- Our proprietary training program, Cirrus University, is convenient to access to all our employees and provides various online classes from job-specific training to soft skills enhancement.

Occupational safety and health

Health and safety for employees remains our number one priority. We strive to provide and maintain a safe and healthy working environment whilst complying with all applicable laws and regulations. These include, but are not limited to the following:

- Occupation Safety and Health Administration ("**OSHA**") Standard of the United States

- Minnesota OSHA Standards

Furthermore, we (1) have applicable Environment, Health and Safety policies, including Right to Know, A Workplace Accident and Injury Reduction, Personal Protective Equipment, general safety rules and regulations, hearing conservation, respiratory protection, accident reporting, bloodborne pathogens, and emergency response; and (2) conduct industrial hygiene monitoring surveys with our insurance carrier as needed based on employee concerns or any hazard.

To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material accidents or received any administrative penalties as a result of the violation of laws and regulations relating to occupational health and work safety.

Labor Standard

We adhere to U.S. laws and regulations, such as the Fair Labor Standards Act of 1938, to manage their labor practices. Screening and background checks are performed when hiring new employees and we do not hire any children under 14 years old, following Part 570 of the Fair Labor Standards Act of 1938. In addition, we strictly follow the Tariff Act of 1930 and prohibits any forced labor, as stated in Section 307 of the Tariff Act.

No child labor, forced, or compulsory labor was reported and/or identified within any of our sites during the Track Record Period and up to the Latest Practicable Date. If any incidents of non-compliance are discovered within our operation sites, we shall immediately suspend the relevant person's employment and carry out an internal investigation.

Supply Chain Management

During the Track Record Period, we did not have a specific policy in place to actively monitor the ESG performance of our suppliers. Nonetheless, we have always exercised caution in selecting our suppliers and have prioritized those with a good reputation and track record.

In order to further strengthen our commitment to sustainability, we are currently in the process of developing an internal policy that will guide us in selecting and managing our supply chain partners. We will develop a supplier code of conduct to ensure that the companies we work with uphold high ethical standards pertaining to human rights, labor, anti-corruption, and environment. This Code of Conduct should have set the ethical standard that the Company expect its suppliers to adhere while conducting their business. In addition, under the policy, we will also consider the following steps:

- Introduce a sustainability assessment criterion to our ranking system, enabling us to evaluate and rank each supplier based on their sustainability initiatives.

- Incorporate sustainability objectives into our program business plans to ensure that the design process includes thorough exploration of more sustainable materials.

- Incorporate a project category for sustainability within the cost improvement program buckets, allowing us to specifically target projects that contribute to sustainability goals.

- Establish a sustainability council in collaboration with selected suppliers to focus on specific metrics and monitor progress. These suppliers would provide an opportunity for joint public relations initiatives.

By implementing this policy, we seek to foster a supply chain that aligns with our values and contributes to a more sustainable and responsible business ecosystem.

Product Responsibility

Ensuring product responsibility is a fundamental aspect of our business operations. To us, safety is of utmost importance, and we prioritize it through the integration of numerous robust safety measures in every aircraft. To uphold high standards, we have established a quality system that adheres to Title 14 of the Code of Federal Regulations Part 21 — Certification Procedures for Product and Articles. For further information on our quality assurance processes, see "Business — Airworthiness Directives, Quality Control and Assurance."

We have implemented a standard procedure in our Quality Assurance Manual ("**QAM**") to ensure that any nonconforming products are promptly identified, documented, segregated, and corrected in accordance with our policy. In the event of a potential nonconforming product, it shall be clearly identified as nonconforming until the record of non-conformance ("**NCR**") has been completed. The NCR should contain description of the requirement that is not met and the actual condition of the product. We will also follow specific steps to conduct a thorough investigation, including identifying any physical or electronic issues, segregating the product to prevent

unauthorized or unintended use, implementing a containment process if necessary, determining the disposition type in accordance with the QAM, and conducting analysis per the requirements of the QAM. Corrective actions will be taken when the product is confirmed to be nonconforming and prevent actions shall be taken to eliminate the cause of potential nonconformities.

Anti-corruption

We strive to have a high degree of integrity in all our business activities. As part of our dedication to integrity, we are committed to complying with all applicable anti-bribery and anti-corruption laws, rules, and regulations.

We do not tolerate any forms of bribery or corruption, and we strongly encourage our employees to report any violations of anti-corruption and anti-bribery laws to our Legal Department. Any kind of retaliation against anyone who makes a report or complaint in good faith with a reasonable basis for believing that a violation of our anti-corruption policy or other illegal, unethical or inappropriate conduct has occurred are strictly prohibited.

During the Track Record Period and up to the Latest Practicable Date, we had not aided, abetted, assisted, or colluded with an individual who has committed, or conspired to commit any unlawful activities. No non-compliance with relevant laws and regulations that have a significant impact on us relating to corruption, bribery, fraud and money laundering had been identified during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, disputes and claims that arise in the ordinary course of business including product liability claims. During the Track Record Period and up to the Latest Practicable Date, we were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations, as we maintain insurance of the types and in the amounts that we believe are commercially reasonable, adequate and are available to businesses in our industry, in particular with respect to product liability. All such product liability claims are covered by our insurance arrangements, subject to the terms of our insurance and reinsurance policies. For details on how we record product liability claims and our insurance arrangements, see "— Airworthiness Directives, Quality Control and Assurance" and "— Insurance" for more information.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

INTERNATIONAL SANCTIONS RELEVANT TO CERTAIN BUSINESS ACTIVITIES AND AFFILIATES

AVIC's Designation as a Chinese Military-Industrial Complex Company

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.

EO 13959 does not prohibit all dealings with parties on the NS-CMIC List. Rather, EO 13959 prohibits United States persons beginning on the effective date for the designation of a CMIC, 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 any person listed on the NS-CMIC List unless licensed or authorized by OFAC. Pursuant to OFAC FAQ 857, the prohibitions in EO 13959, as amended, apply to a subsidiary of a CMIC included on the NS-CMIC List only if such subsidiary itself is listed on the NS-CMIC List. If a subsidiary is not included on the NS-CMIC List, then the restrictions of EO 13959 do not apply to the subsidiary.

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 **[REDACTED]** of the securities of the Company, including the **[REDACTED]** and **[REDACTED]** of the shares of the Company in connection with the **[REDACTED]** or subsequently the **[REDACTED]** 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 **[REDACTED]** (including but not limited to, for the avoidance of doubt, potential **[REDACTED]** in the **[REDACTED]**) 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. In addition, under EO 13959, as amended, and any related OFAC rules or regulations, the designation of AVIC as a CMIC does not impose any restrictions on the business operations of AVIC or any other member of the Group, including the Company and its subsidiaries.

Business Activities with Regions subject to International Sanctions

Certain countries or organizations, including the U.S., the European Union, the United Kingdom, the United Nation, and Australia, maintain economic sanctions and trade restrictions targeting certain parties, industries or sectors within the countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place, without having a comprehensive embargo in place (i.e., without making a particular country/region a Comprehensively Sanctioned Country).

During the Track Record Period, we entered into certain transactions with non-sanctioned customers involving the Relevant Regions. We conducted sales of our piston aircraft and parts, directly or indirectly, to non-sanctioned customers in the Relevant Regions. We have generated revenue of approximately US$11,000, US$22,000 and US$10,400 from transactions involving Relevant Regions for the years ended December 31, 2021, 2022 and 2023, respectively, which represents 0.001%, 0.003% and 0.001% of the Group's total revenue for the years ended December 31, 2021, 2022 and 2023, respectively. The Relevant Regions were subject to various sanctions during the Track Record Period, but none of them was subject to a comprehensive export, import, financial or investment embargo under sanctions related law or regulation of a Relevant Jurisdiction (i.e., none of them was a Comprehensively Sanctioned Country).

As advised by Hogan, who has performed the procedures it considers necessary and has relied on the Company's screening of all our customers in the Relevant Regions, our business operations involving the Relevant Regions during the Track Record Period were not sanctionable activities under Guidance Letter HKEX-GL101-19, given that (i) none of our customers located in

the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, the United Kingdom, Australia and the United Nations; and (ii) the sales and services provided to the customers did not have a nexus to the EU, the UK or Australia. As no Sanctioned Targets or Comprehensively Sanctioned Countries were involved in such activities, our sales do not constitute Primary Sanctioned Activity. Moreover, our activities with non-sanctioned parties in Relevant Regions do not involve industries or sectors targeted by sanctions and thus do not constitute Secondary Sanctionable Activities.

Our Directors confirm that we do not have present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries. We will not knowingly or intentionally conduct any business with any Sanctioned Targets, or any business in any Comprehensively Sanctioned Countries that will cause us to violate International Sanctions, and we will not use the **[REDACTED]** from the **[REDACTED]** to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our Directors will continuously monitor the use of **[REDACTED]** from the **[REDACTED]**, as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions.

Business Activities with AG Huanan and AG Zhejiang

During the Track Record Period, we entered into certain transactions with two customers, AG Huanan and AG Zhejiang, who were designated by BIS on the Military End-User List on December 23, 2020 and thus were restricted from receiving items subject to the EAR and listed in supplement no. 2 to part 744 of the EAR without a license. AG Zhejiang and AG Huanan, each being a wholly-owned subsidiary of CAIGA, are therefore our connected persons.

Cirrus Design entered into an aircraft program agreement with AG Zhejiang, as amended by an amendment agreement between Cirrus Design and AG Zhejiang dated October 18, 2022 (collectively, the "**Aircraft Development Program Agreement**"), pursuant to which we collaborate with AG Zhejiang to develop a light-weight general aviation training aircraft with one configuration but two type certificates (the "**AG100/SR10 Program**"); 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 further details.

On November 9, 2023, our Company, Cirrus Design and AG Zhejiang entered into an aircraft service framework agreement (the "**AG100 Aircraft Service Framework Agreement**"), pursuant to which AG Zhejiang may from time to time purchase from us procurement support and technical support in connection with the AG100 aircraft; see "Connected Transactions — Non-exempt continuing connected transactions that are subject to reporting, annual review and announcement requirements — 1. Connected transactions relating to the AG100/SR10 Program — Continuing aircraft service transactions — AG100 Aircraft Service Framework Agreement" for further details.

In light of AG Zhejiang's inclusion onto the Military End-User List, we temporarily suspended the export, reexport and transfer of items subject to the EAR under the agreement until we obtained an export license from the BIS on February 9, 2021, which is effective up to February 28, 2025, authorizing the export, reexport and transfer of certain items subject to the EAR to AG Zhejiang relating to the AG100/SR10 Program. We have resumed activities with AG Zhejiang and are complying with the terms of that BIS license. We currently expect the AG100/SR10 Program to be completed before the expiry of the export license, i.e., in 2024 following the issuance of production certificate by the FAA for the SR10 aircraft (subject to our submission of a project close-out report to AG Zhejiang after such issuance, and the issuance of the production certificate is subject to program timing risks and external factors such as delays in regulatory review). In the event that the AG100/SR10 Program may only be completed after the expiry of the export license or there is any transaction under the AG100 Aircraft Services Framework Agreement that may occur after the expiry of the export license, we will renew our export license in a timely manner before it expires. Subject to the strict compliance with the export license we obtained from the BIS, Hogan is of the view that our transactions with AG Zhejiang in relation to the AG100/SR10 Program did not violate export controls applicable to AG Zhejiang.

On November 9, 2023, our Company, Cirrus Design, AG Huanan and AG Services entered into an aircraft kits sale and program services framework agreement (the "Aircraft Kits Sale and Program Services Framework Agreement"), pursuant to which AG Huanan and/or AG Services may from time to time procure from us aircraft kits for TRAC20 model aircraft and program services in assisting the assembly of the aircraft kits; see "Connected Transactions — Non-exempt continuing connected transactions that are subject to reporting, annual review and announcement requirements — 3. Aircraft Kits Sale and Program Services Framework Agreement" for further details.

In light of AG Huanan's inclusion onto the Military End-User List, we temporarily suspended activities after the December 2020 designation until we obtained various export licenses from the BIS in respect of our sales of SR20 aircraft kits to AG Huanan for its resale to specific civil end users. We further obtained an export license from the BIS on May 9, 2022, which is effective up to May 31, 2026, authorizing our export and reexport to AG Huanan of items relating to the SR20 aircraft that are subject to the EAR. In respect of the limited license (the "**TC License**") we granted to AG Huanan to use a FAA type certificate and corresponding approved data to manufacture SR20, SR22 and SR22T models of aircraft (covering also TRAC20, TRAC22 and TRAC22T models of aircraft), we had obtained three export licenses from BIS which are effective up to February 28, 2025, September 30, 2025 and May 31, 2026, respectively, authorizing our export, reexport and transfer to AG Huanan of certain items relating to the TC License that are subject to the EAR. Subject to the strict compliance with the export licenses we obtained from the BIS, Hogan is of the view that our transactions with AG Huanan in respect of our sales of SR20 aircraft kits and related program services to AG Huanan and in respect of the TC License did not violate export controls applicable to AG Huanan.

As advised by Hogan, BIS reviews license application on a case-by-case basis. Prior to the expiration of our respective export licenses from BIS, we will submit new export license applications to seek renewal of authorization to make sales to AG Huanan and AG Zhejiang. We will not transfer any products requiring a license from BIS in the absence of a valid license for such shipments in order to comply with the relevant export restrictions applicable to the two entities. On August 3, 2023, we received a new license from BIS for our sales to AG Huanan. Our Directors are not aware of any changes in our product that will cause our product to become subject to stricter export control restrictions from the BIS. However, as BIS licensing determinations are discretionary and likely would be driven by US foreign policy and/or national security considerations, potential legal impediments to renewing the Group's BIS export licenses stem from possible changes in U.S.-China relations and/or changes in the law. We currently do not foresee any such legal impediments in the immediate future. Nevertheless, we cannot guarantee that escalating tensions in U.S.-China relations will not create such legal impediments in the future; 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."

We conducted sales of our piston aircraft and parts to AG Huanan and AG Zhejiang, and we confirm that we have obtained the required licenses from BIS prior to conducting transactions with AG Huanan and/or AG Zhejiang after their designation. The following table sets forth a list of the requested export license with respect to our transactions with AG Huanan and/or AG Zhejiang:

License/Permit	Applicant	Purchaser and Ultimate Consignee	Issuing Authority	Purpose	Validity Period
Export License No. D1263947	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	May 9, 2022 to May 31, 2026
Export License No. D1225542	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, technology, and maintenance training	February 16, 2021 to February 28, 2025
Export License No. D1243320	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR20 aircraft, spare parts for final assembly of a completed SR22 aircraft, and related technology for final assembly of the SR20 and SR22 aircraft, including maintenance training (but the SR22-related parts and technology cannot be exported to AG Huanan)	September 22, 2021 to September 30, 2025
Export License No. D1327197	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR22 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	August 3, 2023 to August 31, 2027
Export License No. D1225896	Cirrus Design	AG Zhejiang	BIS	Authorizes export of aircraft and kits of SR10/AG100 aircraft, related composite materials, technology for manufacturing, assembly, configuring and testing related equipment	February 9, 2021 to February 28, 2025

We generated revenue of approximately US$17.2 million, US$13.6 million and US$3.8 million from transactions with AG Huanan for the years ended December 31, 2021, 2022 and 2023, respectively, representing approximately 2.3%, 1.5% and 0.4% of our Group's total revenue for the same years, respectively. We generated revenue of approximately US$20.3 million, US$6.5 million and US$5.5 million for transactions with AG Zhejiang for the years ended 2021, 2022 and 2023, respectively, representing approximately 2.7%, 0.7% and 0.5% of our Group's total revenue for the same years, respectively. See "Connected Transactions" for further details.

We also entered into certain transactions with AG Services, another wholly-owned subsidiary of CAIGA, as detailed in "Connected Transactions" in this Document. Nonetheless, to the best of our knowledge and as advised by Hogan, AG Services has not been designated by the BIS on any list relevant to export control or otherwise subject to any International Sanctions, and our transactions with AG Services do not result in any International Sanctions or export control restrictions.

During the Track Record Period and up to the Latest Practicable Date, we have (i) 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; and (ii) been in strict compliance with the terms and conditions of the licenses issued by the BIS. As advised by Hogan, the 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. As advised by Hogan, Cirrus Design itself is not subject to the U.S. export control restrictions solely due to our relationship with AG Zhejiang, AG Huanan or any other subsidiaries or associates of our Controlling Shareholders (excluding our Group members) as we are legally distinct entities from them. As noted by BIS FAQ No. 134, "[s]ubsidiaries, parent companies, and sister companies are legally distinct from listed entities [and]……[t]herefore, the licensing and other obligations imposed on a listed entity by virtue of its being listed do not per se apply to its subsidiaries, parent companies, sister companies, or other legally distinct affiliates that are not listed on the Entity List."

Summary

As advised by Hogan, our historical transactions involving the Relevant Regions, AG Zhejiang and AG Huanan during the Track Record Period and up to the Latest Practicable Date did not result in International Sanctions because: (i) the Relevant Regions are not subject to comprehensive and general trade embargo (i.e., none of the Relevant Regions is a Comprehensively Sanctioned Country); and (ii) save for the transactions with AG Zhejiang and AG Huanan as disclosed above, our Directors confirm that our Group has not entered into any other transaction with any entities or transport any other items or services subject to International Sanctions or export control. Even if the complete cessation of our business with the Relevant Regions, AG Zhejiang or AG Huanan is required in the future to comply with the change of laws and regulations of the International Sanctions, our Directors are of the view that, such cessation will not have any material impact on our Group's financial positions and business operations given the insignificant revenue contribution of our sales in any of the Relevant Regions, to AG Zhejiang or AG Huanan, respectively, and in aggregate.

Based on the above, 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.

Given the scope of the **[REDACTED]** and the expected use of **[REDACTED]** as set out in this Document, Hogan is of the view that the involvement by parties in the **[REDACTED]** will not result in any applicable International Sanctions on such parties, including our Company and our subsidiaries, the respective Directors and employees of our Company and our subsidiaries, our Company's or our subsidiaries' **[REDACTED]**, shareholders as well as the Stock Exchange and its

related group companies, or any person involved in the **[REDACTED]** and accordingly, the sanction risk exposure to our Company, our potential **[REDACTED]** and shareholders, and persons who might, directly or indirectly, be involved in permitting the **[REDACTED]**, trading and clearing of our Shares (including the Stock Exchange, its listing committee and related group companies) is very low.

Internal Control Measures

We have adopted the following internal control procedures with respect to export control and other International Sanctions to ensure we comply with all applicable International Sanctions laws and regulations:

- We will set up and maintain a separate bank account upon the **[REDACTED]**, which will be designated for the sole purpose of the deposit and deployment of the **[REDACTED]** from the **[REDACTED]**, or any other funds raised through the Stock Exchange;

- We evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in Regions subject to International Sanctions or Sanctioned Persons. As a matter of our standard procedures, we screen our customers against lists from OFAC, the U.S. State Department, and more than 100 export control lists from the United States, the United Nations, the United Kingdom, the European Union (including many of its member states), and other countries for our business engagements. These export control lists cover money-laundering, fraud, corruption, terrorist activities and financing, and breach of International Sanctions. Any existing and/or potential business dealings that become suspected of sanctions risk exposure are required to be reported to our legal team responsible for compliance with sanctions policies immediately. If any counterparties appear to be subject to economic sanctions, we will investigate and consult outside legal advisers with the necessary expertise and experience in International Sanctions law matters and take appropriate actions. At the same time, our legal team should make periodic reviews of the existing customers lists and shipping documents to ensure that the Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. When encountering red flags related to our business, we conduct assessments of potential counterparties, including prospective customers as part of our transaction due diligence, to identify potential risks related to export controls, geopolitics, business reputation (including fraud) and military end users listed on the Military End-User List by the BIS. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;

- We have adopted and implemented an export management compliance policy tailored to our risk profile, which sets out the internal procedures for the Company to ensure our compliance with the EAR, including procedures for reporting and internal review, training and recordkeeping. Our legal team regularly review and update the manual regularly to ensure our compliance with the EAR. As and when our legal team considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice;

- We regularly review and monitor the status of our export licenses to ensure that we have obtained effective and valid export licenses before conducting the relevant transactions, and that our export licenses are renewed in a timely manner before they expire;

- We have a dedicated full-time Global Trade and Export Compliance Manager ("**Compliance Manager**") whose work entails a customized, risk-based approach comprising of management commitment, risk assessments and analysis, internal controls, testing and auditing, and training. Our Compliance Manager, who reports directly to the Company's Deputy General Counsel, will periodically engage in informal discussions with our fleet sales manager and other sales managers, regularly performs site visits to Company facilities, and performs audits and writes reports that involve export compliance, sanctions, restricted trade practices and anti-bribery laws. Depending on the nature of the report and its sensitivities, the report and/or findings may be shared with front line personnel, business unit managers, the Deputy General Counsel and other senior management personnel;

- We have established a process where we screen and identify the names of potential customers or suppliers against lists of restricted parties and countries maintained by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories, Australia and other countries including but not limited to the Military End-User List. If the names of the potential customers or suppliers match any hits on our lists, we will work with our legal department and/or external counsel to determine and analyze whether to transact with these parties; and

- We require our customers of our aircraft to provide end-use statements in respect of U.S. export control laws and set out export control compliance clauses in relevant contracts.

In addition, we have undertaken to the Stock Exchange that (i) we will not use the **[REDACTED]** from the **[REDACTED]** or other funds raised through the Stock Exchange, (a) to finance or facilitate, directly or indirectly, any projects or businesses in the Comprehensively Sanctioned Countries or with persons located in other countries who are subject to sanctions or (b)

to pay any damages for terminating or transferring contracts relating to sanctioned countries or persons subject to sanctions (if any), to the extent that the Company is party to such contracts in the future (whether by reason of a change in sanctions law or otherwise) in any manner that will result in violation of the International Sanctions; (ii) we will not undertake any future business that would cause us, the Stock Exchange, **[REDACTED]**, **[REDACTED]**, our Shareholders or potential **[REDACTED]** to violate any sanctions laws of the U.S., the European Union, Australia or the United Nations; (iii) we will not enter into any transaction that, at the time of entry into such transaction, is prohibited by applicable sanctions law; (iv) we will make timely disclosures on the Stock Exchange's website and our website if we believe that the transactions we have entered into will put us and our **[REDACTED]** and shareholders at risk of violating sanctions; and (v) we will also disclose in our annual and interim reports our efforts in monitoring our business exposure to sanctions risk, the status of future business, if any, in sanctioned countries and our business intention relating to such sanctioned countries. If we are in breach of such undertaking to the Stock Exchange, we risk the possible **[REDACTED]** of the shares from the Stock Exchange.

Our Company is of the view that the above measures will provide an adequate and effective framework to assist us in identifying and monitoring any material risks relating to sanctions and anti-bribery laws and that we have implemented and maintain policies and procedures that are designed to monitor and ensure compliance by us and our Directors, officers and employees with International Sanctions and other applicable laws and regulations. Hogan has reviewed and evaluated these internal control measures and is of the view that strict implementation of these measures are adequate and effective for our Company, based on our business activities and risk assessment, to identify and monitor any material risks relating to International Sanctions, and to comply with applicable International Sanction laws and our undertakings to the Stock Exchange.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk Management Overview

Our active risk management approach and internal control policies are vital to our strategy and culture. Our risk management team assesses and monitors the credit risk of our customers using a credit evaluation process and applying internal guidelines on customer, country and regional diversification. We adopt a portfolio management approach to monitoring and mitigating risk, driving decision-making in our core activities, including our sales and marketing efforts. See "Risk Factors — Risks Relating to Our Business and Industry" for more information on the various key risks and uncertainties that we face with respect to our business operations, the aircraft manufacturing industry and conducting business in the U.S. and other regions.

We assess and monitor key risks within our portfolio, including market risks related to liquidity, price, credit and interest rates, as well as other risks related to: labor and talent, supply chain and manufacturing, the geopolitical environment, regulations/FAA, and the economy and inflation. See "Financial Information — Financial Risk Factors" for a detailed discussion of our key financial and market risks. Our Directors evaluate and determine our strategies in managing each of these key risks:

- **Liquidity Risk.** We manage risks of funding shortage based on expected maturity dates of our financial instruments. We strive to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and long-term leases.

- **Price Risk.** We manage this risk primarily by negotiating pricing agreements with significant suppliers, competitive bidding and identifying opportunities for cost reductions.

- **Credit Risk.** We adhere by our Credit Policy to support customers' needs while maintaining a high quality of receivables by only extending credit to creditworthy counterparties. We evaluate the creditworthiness of prospective customers based on their audited financial statements, credit agency rating as well as bank and trade references. We also assess and monitor the creditworthiness of significant business partners and third parties, such as financial institutions, insurance companies and other vendors which may expose us to counterparty risk.

- **Interest Rate Risk.** Management frequently monitors our exposure to the risk of changes in market interest rates, primarily as it relates to our long-term debt obligations with floating interest rates.

- **Supply Chain or Manufacturing Interruption Risk:** We manage this risk through greater investment in our manufacturing process, supply chain process, and an increased focus on our key suppliers. Starting with our supply chain, we have determined that focusing on a smaller, but higher quality and consistent supplier pool results in less interruptions across our supply chain and lowers cost. From a manufacturing perspective, we increased investment in our manufacturing line, including through the ongoing roll-out of our Cirrus Operating System, to create a more flexible and cross trained workforce, a demand driven production line, and a standardized work process that is repeatable. These implementations result in a higher quality control over the product and increased efficiencies in direct labor and manufacturing overhead.

- **Geopolitical Risk:** We actively engage with legislators at the local, state and federal levels to educate as to the contributions in investment and employment the Company provides to their constituents and to collaborate with the legislators on incentives for current and future operations and investments.

- **Regulatory/FAA Risk:** We are subject to regulation by the FAA and similar regulatory authorities. To this end, we have two teams that monitor our products and ensure compliance with FAA rules and regulations, the "product integrity group" and "airworthiness organization." The product integrity group is a cross-function of teams within our Company, ranging from air-worthiness, quality, customer and legal teams. This group reviews all information provided by the airfield and makes assessments and determinations on which information needs to be communicated to our customers. The product integrity group then reports the specific issue to the FAA within 24 hours. Our airworthiness organization has four principal functions: (1) FAA certification; (2) ODA supervision; (3) continued safety operation management; and (4) export compliance or technology export compliance.

- **Economy and Inflation Risk:** Our current backlog has left us with strong manufacturing demand that stretches through periods of economic downturn that could result in a decrease in new customer orders. Additionally, we have an aircraft pricing process as a part of our budgeting process to determine if aircraft require a pricing increase to combat inflation. As the market leader for our product line, we have pricing discretion for our aircraft.

Internal Controls Overview

We have adopted and have been implementing a series of internal control policies and procedures designed to provide assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. We summarize below the internal control policies and procedures that we have implemented:

- Our Board of Directors and senior management oversee and manage the overall risks associated with our business operations.

- Our different departments are responsible for ensuring compliance with relevant laws and regulations in their daily work and paying close attention to any violations, in which case the person in charge of the relevant department should report the same to our management.

- Our internal audit function, established with experienced and competent personnel and reporting directly to the Audit, Risk Control and Compliance Committee, is responsible for overseeing the implementation of international control policies, measures and procedures and conducting regular review regarding the implementation of such policies, measures and procedures.

- We have adopted various measures and procedures across our business operations, including quality control and assurance, intellectual property protection, environmental protection and occupational health and safety.

- Our Audit, Risk Control and Compliance Committee is responsible for carrying out the analysis and independent appraisal of the adequacy and effectiveness of our internal control systems.

- We will continue to arrange various trainings from time to time to update our Directors, senior management and relevant employees on the latest applicable laws and regulations.

- We have engaged Altus Capital Limited as our compliance advisor to advise our Directors and management team until our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]** regarding matters relating to the Listing Rules. Our compliance advisor will provide support and advice regarding requirements of relevant regulatory authorities under the Listing Rules in a timely manner.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), CAIGA Hong Kong will directly hold approximately **[REDACTED]**% 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 70% by AVIC. Therefore, AVIC, CAIGA and CAIGA Hong Kong are considered as a group of Controlling Shareholders of our Company under the Listing Rules.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders

AVIC was established by the SASAC in November 2008 in the PRC as the designated aerospace and defense focused entity with integrated domestic resources to enhance China's competitiveness in the global aviation market. With a number of listed companies under its control, AVIC's business spans across segments including defense, transport aircraft, helicopter, avionics systems, general aviation, aviation research and testing, aviation supply chain, automotive parts, assets management, finance and engineering and construction.

CAIGA is owned as to 70% by AVIC, and is principally engaged in the research and development, operation and service of general aviation, designing and manufacturing of aviation parts and accessories. CAIGA Group (excluding our Group) has various types of aircraft products including business jet, light sport aircraft, trainer aircraft, amphibious aircraft, multifunctional aircraft and special purpose aircraft.

CAIGA Hong Kong is an investment holding company wholly-owned by CAIGA.

Relationship between AVIC and other shareholders of CAIGA

Notwithstanding the fact that the interests of AVIC, Guangdong Utrust Investment Holding Co., Ltd.* (廣東粵財投資控股有限公司, "**Guangdong Utrust**") Guangdong Hengjian Investment Holding Co., Ltd.* (廣東恆健投資控股有限公司, "**Guangdong Hengjian**") and Zhuhai Gree Aviation Investment Co., Ltd.* (珠海格力航空投資有限公司, "**Gree Aviation Investment**") are held

through CAIGA, we do not consider Guangdong Utrust, Guangdong Hengjian and Gree Aviation Investment (collectively, the "**CAIGA Minority Shareholders**") as a group of Controlling Shareholders pursuant to presumption set out in chapter 1.1C of the Guide for New Listing Applicants issued by the Stock Exchange based on the following reasons:

(i) **AVIC as the sole founding shareholder of CAIGA:** CAIGA was founded by AVIC as its sole shareholder in February 2009 in Beijing. As elaborated in "— Background of our Controlling Shareholders — Our Controlling Shareholders", CAIGA has substantive business and operations outside from its holding of its interest in the Company. Among 14 direct subsidiaries established by AVIC focusing on different industry sectors, CAIGA is the only direct subsidiary under AVIC which focuses on the general aviation business. As AVIC's strategic move to proactively integrate into regional economy, the headquarters of CAIGA was relocated from Beijing to Zhuhai, Guangdong Province in June 2009. CAIGA received further financial investments from the CAIGA Minority Shareholders between 2009 to 2010 which reflected regional cooperation between the local government in the Guangdong Province and the SASAC. As such, CAIGA is not an SPV but a company with substantive business and operations outside of its interest in the Company, and the financial investments made by the CAIGA Minority Shareholders in CAIGA was for the purpose of investing in CAIGA's own business and not related to the Company;

(ii) **The CAIGA Minority Shareholders as passive financial investors of CAIGA:** The CAIGA Minority Shareholders are financial investors with a passive role and no involvement in CAIGA's day-to-day operations and management. As opposed to AVIC whose business spans across various aviation and related segments, Guangdong Utrust, Guangdong Hengjian and Gree Aviation Investment were established as investment holding entities. Despite each being a state-owned enterprise, each of AVIC and the CAIGA Minority Shareholders is majority owned and controlled by different state-owned institutions, with separate and independent reporting line. Therefore, they should not be presumed to be acting in concert with each other prima facie because of such state-owned status.

Among the nine directors on CAIGA's board of directors, five directors are appointed by AVIC, three directors are separately appointed by each of the CAIGA Minority Shareholders and one director is appointed by CAIGA's employees. To the best knowledge of the Company and as confirmed by the CAIGA Minority Shareholders, (a) directors appointed by the CAIGA Minority Shareholders are not involved in the day-to-day operations and management of CAIGA, and (b) there has been no understanding or arrangement (formal or otherwise) that the directors appointed by the CAIGA Minority Shareholders will vote in any coordinated manner at CAIGA's board

meetings. Each of the CAIGA Minority Shareholders does not have any right to appoint or nominate any director in any member of the Group. Guangdong Hengjian was granted the right to nominate a vice general manager, whose appointment is subject to the approval by CAIGA's board of directors. To the best knowledge of the Company and as confirmed by Guangdong Hengjian, (a) the vice general manager nomination was made by Guangdong Hengjian considering the candidate' experiences and background and (b) such vice general manager does not specifically represent the interest of Guangdong Hengjian. After the approval by CAIGA's board of directors of the candidate recommended by Guangdong Hengjian and CAIGA's internal human resources procedures of his onboarding, such vice general manager becomes an employee of CAIGA and he directly reports to the general manager of CAIGA. Such vice general manager is supervised by the board of directors of CAIGA and accountable to the shareholders of CAIGA as a whole. Each of Guangdong Utrust and Gree Aviation Investment does not have any right to nominate or appoint any senior management member of CAIGA;

(iii) **Independent exercise of voting rights by AVIC and each of the CAIGA Minority Shareholders:** Each of AVIC and the CAIGA Minority Shareholders has confirmed that (a) there has not been in existence any formal or informal arrangement or agreement among AVIC and the CAIGA Minority Shareholders on the management of CAIGA or the Group and the exercise of their voting rights on shareholders' resolutions involving the management of CAIGA or the Group or their shareholders' rights, (b) no consensus building process has been adopted to arrive at a voting or business decision among AVIC and the CAIGA Minority Shareholders, (c) they have exercised and will continue to exercise their voting rights at CAIGA's general meetings independently from one another, and (d) AVIC does not give and the CAIGA Minority Shareholders do not seek any voting instruction at CAIGA's general meetings;

(iv) **No consolidation of management and control:** To the best knowledge of the Company, AVIC and the CAIGA Minority Shareholders never consolidated their management and control, nor acted as an integrated unit. Since the CAIGA Minority Shareholders became shareholders of CAIGA, there has not been any overlapping directors and senior management between AVIC and the CAIGA Minority Shareholders; and

(v) **No acting-in-concert relationship:** As confirmed by AVIC and each of the CAIGA Minority Shareholders, there are no circumstances where AVIC and the CAIGA Minority Shareholders would fall within any presumption of "acting in concert" pursuant to the Takeovers Code.

BUSINESS DELINEATION AND COMPETITION

We are a pioneer and a global market leader in the personal aviation industry, according to Frost & Sullivan. We design, develop, manufacture, and sell single-engine piston and jet aircraft, delivering a comfortable, convenient, and premium aviation experience that is the "pinnacle of innovation, quality and safety." We currently offer two aircraft product lines: (i) 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 (ii) the Vision Jet, our single-engine jet aircraft primarily for retail customers and to a lesser extent charter operational use. Through Cirrus Services, our customer-centric business unit, we also provide 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. For further details of our business, please refer to the section headed "Business" in this Document.

General aviation refers to all aviation other than military and scheduled commercial airlines, which is the largest aviation market in the world. General aviation encompasses both personal and professional aviation. Personal aviation refers to the non-commercial operation of fixed-wing general aviation aircraft, including activities such as owner-flown and flight instruction. The main types of aircraft used in personal aviation include piston engine aircraft and turbine aircraft. Turbine aircraft include turboprop aircraft and jet. Professional aviation involves a range of activities, including corporate services, charter services, agricultural operations, fire protection, disaster relief and environmental conservation.

We consider that there is clear delineation of our principal business from the business of our Controlling Shareholders, as our products and the products of our Controlling Shareholders are for different uses with correspondingly different target customers. We operate in the personal aviation market, which is a subset of the general aviation market, according to Frost & Sullivan. According to Frost & Sullivan, personal aviation primarily targets individual customers such as private owners, trainers and individual flying enthusiasts, whereas other categories of general aviation generally have a wider range of target customers such as government agencies, medical service providers and energy companies. CAIGA Group (excluding our Group) acts as the sole platform under AVIC that focuses on the research and development, manufacturing and operation of general aircraft, whereas our Group focuses on the research and development and manufacturing of personal aircraft within general aircraft under CAIGA Group. CAIGA Group (excluding our Group) has various types of aircraft products including business jet, light sport aircraft, trainer aircraft, amphibious aircraft, multifunctional aircraft and special purpose aircraft, which are primarily used for specific functions including agricultural and forestry operations, fire protection, disaster relief, short distance transportation, weather modification and atmospheric monitoring, and

are mainly targeted at customers including industrial and agricultural operators that are institutions. On the other hand, our products are personal aircraft that are primarily targeted at retail customers.

There is no overlap between the products and services of our Group and our Controlling Shareholders. As our products and the products of our Controlling Shareholders are for different uses, the corresponding services provided by our Group and our Controlling Shareholders, which are primarily services for aircraft sold, are different. To the best knowledge of our Company and our Controlling Shareholders, there was no overlapping customer between our Group and our Controlling Shareholders during the Track Record Period.

Among the extensive product portfolio of our Controlling Shareholders (excluding our Group) for the general aviation business, the AG100 trainer aircraft (for which we provide aircraft development support) is the only product that has potential similarities with our products to a certain extent, according to Frost & Sullivan. Nonetheless, AG100 does not compete, and is not likely to compete, directly or indirectly, with our products. There is clear geographic delineation between the AG100 aircraft of our Controlling Shareholders and our SR10 aircraft. Upon commercialization in January 2024, AG100 aircraft are manufactured by AG Zhejiang in the PRC and sold in the PRC market. We have the right, but not the obligation, to manufacture and sell SR10. If we decide to do so, SR10 will be manufactured by our Group in the U.S. and sold in the North America, South America, Europe, Australia, and South Africa markets. For all other countries or markets other than the aforementioned territories, AG Zhejiang and our Group will decide the respective responsibility on a case-by-case basis. Neither AG Zhejiang or our Group is permitted to sell AG100 or SR10 in the other party's responsible market(s) without the other party's written consent. The AG100 aircraft had received its type certificate and production certificate from the CAAC in November 2023 and December 2023, respectively. As of the Latest Practicable Date, the AG100/SR10 Program (as defined below) had not been completed as the SR10 aircraft had received its type certificate but had yet to receive its production certificate from the FAA. See "— AG100" for details.

Our Controlling Shareholders confirmed that, as of the Latest Practicable Date, they did not have any product which competes or is likely to compete, directly or indirectly, with our products.

AG100

AG Zhejiang, which is a wholly-owned subsidiary of CAIGA and principally engaged in the design, research and development, manufacturing, sales, technology development, technology consulting, technology services of civil aircraft, and sales of general mechanical equipment and electronic equipment. AG Zhejiang has been in collaboration with our Group to develop a light-weight general aviation training aircraft with one configuration but two type certificates (the

"**AG100/SR10 Program**"). We are responsible for providing program management, administrative support, supplier management, design, development, certification, and test support for the AG100/SR10 Program. The trainer aircraft developed by AG Zhejiang and certified by CAAC for the PRC market is named AG100, while the trainer aircraft developed by us and to be certified by FAA for our responsible markets is named SR10. For details of the AG100/SR10 Program, please refer to the section headed "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" in this Document. AG100 or SR10 is smaller in size and of lower specifications as compared to our other aircraft and its price will be substantially lower than that of our other aircraft. The AG100 aircraft had received its type certificate and production certificate from the CAAC in November 2023 and December 2023, respectively. As of the Latest Practicable Date, the AG100/SR10 Program had not been completed as the SR10 aircraft had received its type certificate but had yet to receive its production certificate from the FAA.

Upon commercialization in January 2024, AG100 aircraft are manufactured by AG Zhejiang in the PRC and sold in the PRC market. We have the right, but not the obligation, to manufacture and sell SR10. If we decide to do so, SR10 will be manufactured by our Group in the U.S. and sold in the North America, South America, Europe, Australia, and South Africa markets. For all other countries or markets other than the aforementioned territories, AG Zhejiang and our Group will decide the respective responsibility on a case-by-case basis. Neither AG Zhejiang or our Group is permitted to sell AG100 or SR10 in the other party's responsible market(s) without the other party's written consent. In light of such clear geographic delineation, there is no competition between AG100 and SR10. Further, while we will continue to expand our production capacity and formulate our production plan to make the best use of our production capacity, our present intention is to focus our manufacturing capacity on our other products which are of higher prices and profitability.

Our Controlling Shareholders have no present intention to inject AG100 into our Group prior to or in the near future after the **[REDACTED]**, and our Controlling Shareholders will continue to assess such injection in the future based on their overall strategic planning. If our Company is aware of any change in our Controlling Shareholders' intention in this regard, our Company will make an announcement in accordance with Rule 8.10(1)(a)(iv) of the Listing Rules. The injection of AG100 into our Group in the future, if any, will be subject to compliance with the relevant requirements of the Listing Rules, including without limitation Rule 8.10(1)(b) and Chapter 14A of the Listing Rules.

Based on the foregoing, our Directors are of the view that the business of our Controlling Shareholders are clearly delineated from our principal business and thus there is no competition between the business of our Group and that of our Controlling Shareholders. Our Controlling Shareholders further confirmed that, as of the Latest Practicable Date, they do 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 [•], 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. For details, see "— Non-Competition Undertaking" below.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied, on the basis of the following factors, that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the **[REDACTED]**, our Board will consist of nine Directors comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. For more information, see "Directors and Senior Management."

Save as disclosed below and the section headed "Directors and Senior Management" in this Document, none of our Directors or members of our senior management holds any directorship or senior management position in any of the companies in which our Controlling Shareholders are interested in other than those within our Group:

Name	Position with our Company	Position(s) held with our Controlling Shareholders or their close associates
Mr. Lei YANG (楊雷) . . .	Non-executive Director and Chairman of the Board of Directors	Chairman of the board of directors of CAIGA

Name	Position with our Company	Position(s) held with our Controlling Shareholders or their close associates
Mr. Hui WANG (王暉) . .	Executive Director and vice Chairman of the Board of Directors	Senior Specialist (高級專務) of CAIGA
Mr. Qingchun SONG (宋慶春)	Non-executive Director	Director and general manager (總經理) of Zhejiang General Aircraft Brumby Aircraft Manufacturing Co., Ltd.* (浙江通飛野馬飛機製造有限責任公司) Chairman of the board of directors of Hebei General Aircraft NextGen Flight Vehicle Co., Ltd.* (河北通飛未來飛行器有限公司, formerly known as Zhuhai General Aircraft NextGen Flight Vehicle Co., Ltd.* (珠海通飛未來飛行器有限公司))
Mr. Liang LIU (劉亮) . . .	Non-executive Director	Minister (部長) of financial operation department of CAIGA Executive director of CAIGA Hong Kong
Mr. Yihui LI (李屹暉) . . .	Non-executive Director	Minister (部長) of aviation products development department of CAIGA Chairman of the board of directors of Zhejiang General Aircraft Brumby Aircraft Manufacturing Co., Ltd.* (浙江通飛野馬飛機製造有限責任公司) Director of Cessna-AVIC Aircraft (Zhuhai) Co., Ltd.* (珠海中航賽斯納飛機有限公司) Director of Cessna-AVIC Aircraft (Shijiazhuang) Co., Ltd.* (石家莊中航賽斯納飛機有限公司) Director of Harbin Tongfei Aviation Technology Development Co. Ltd.* (哈爾濱通用飛機工業有限責任公司)

Notwithstanding the overlapping Directors mentioned above, we believe that our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates for the following reasons:

(i) Mr. Hui WANG (王暉), as one of our executive Directors, devotes substantially all his time to discharge his duties of his positions at our Group. Other than his positions held in our Group, he is not involved in the day-to-day operations of the entities as mentioned above;

(ii) Mr. Lei YANG (楊雷), Mr. Qingchun SONG (宋慶春), Mr. Liang LIU (劉亮) and Mr. Yihui LI (李屹暉) are our non-executive Directors and do not participate in the day-to-day management and operations of our business. Although they are not involved in the daily operation and business decision making process of our Group, they would keep up to date with our business affairs and assist in supervising and scrutinizing our business performance to fulfill their obligation as a Director through providing professional advice and attending business update meetings;

(iii) Mr. Zean Hoffmeister Vang NIELSEN, one of our executive Directors and our chief executive officer, does not hold any position nor equity interest in our Controlling Shareholders or their close associates (excluding members of our Group). Together with the rest of our senior management team, he is responsible for our day-to-day management and operations;

(iv) our daily management and operations are carried out by our senior management team (including Mr. Zean Hoffmeister Vang NIELSEN), who do not hold any position in our Controlling Shareholders or their close associates (excluding members of our Group) and are independent and have the adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group;

(v) as of the Latest Practicable Date, none of our Directors or members of our senior management team held any equity interest in our Controlling Shareholders or their close associates (excluding members of our Group);

(vi) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow his personal interest to interfere with our Company's best interests;

(vii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any resolutions of our Board of Directors approving any contract, arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum present at the relevant meeting of the Board of Directors meeting;

(viii) we have appointed three independent non-executive Directors, comprising one-third of our Board of Directors, to provide a balance of the number of our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to provide professional and experienced advice to our Company. Our Directors are of the view that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and

(xi) we [have adopted] corporate governance measures and sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. Please see "— Corporate Governance Measures" in this section for further details.

Based on the above, our Directors are of the view that our Board of Directors, together with our senior management team, are able to perform their managerial roles in our Group independently from our Controlling Shareholders and their respective close associates.

Operational Independence

Our Group is operationally independent of our Controlling Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technology and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business. We have our own organizational structure made up of individual functional departments, each with specific areas of responsibilities. We have not shared any operational resources such as sales and marketing, risk management and general administration resources with our Controlling Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers and suppliers.

During the Track Record Period, we conducted certain transactions with the close associates of our Controlling Shareholders which are expected to continue after the **[REDACTED]** and will constitute continuing connected transactions of our Company under the Listing Rules. See "Connected Transactions" for more details. Such transactions are entered into in the ordinary and usual course of our business and our Directors confirm that the terms of such transactions are determined at arm's length negotiations and are no less favorable to our Company than terms offered by independent third parties. Our Directors believe that the continuing connected transactions between our Company and the close associates of our Controlling Shareholders do not indicate any undue reliance by our Company on our Controlling Shareholders and are beneficial to our Company and our Shareholders as a whole.

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our own business needs. We have our own internal control and accounting systems and finance department to perform independent treasury function on cash receipts and payments, independent accounting and reporting functions and independent internal control function. Neither our Controlling Shareholders nor their respective close associates intervene with our use of funds. We have adequate internal resources and credit profile to support our daily operations, and we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, we did not have any outstanding borrowing or guarantee from our Controlling Shareholders or any of their respective close associates.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders executed a non-competition undertaking in favor of our Company on [•], 2024 (the "**Non-Competition Undertaking**") which is effective in the Relevant Period (as defined below). Pursuant to the Non-Competition Undertaking, the Controlling Shareholders have confirmed that, as of the date of the Non-Competition Undertaking, the principal businesses of the Controlling Shareholders and their respective subsidiaries (other than members of our Group) do not compete and are not likely to compete with our principal business of the design, development, manufacturing and sales of two aircraft product lines: the (i) SR2X Series and (ii) Vision Jet ("**our Principal Business Activity**"). The Controlling Shareholders have also made unconditional and irrevocable covenants to our Company that during the Relevant Period (as defined below), the Controlling Shareholders will not and will procure that their subsidiaries (other than members of our Group) will not:

(i) solely or jointly with a third party, engage or participate, either directly or indirectly, in any business or activity (whether as a director or shareholder (other than as director or shareholder of our Group), partner, agent or otherwise, and whether for profit, reward or interest otherwise) of any form (including but not limited to investment, merger, acquisition, joint venture, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies or equity participation) which competes or is likely to compete with our Principal Business Activity; and

(ii) either directly or indirectly, hold any interest or obtain any control in any other form (whether as a director or shareholder (other than being a director or shareholder of our Group), partner, agent or otherwise, and whether for profit, reward or interest otherwise) in any operating entity, institution or economic organization which competes or is likely to compete with our Principal Business Activity.

The above restrictions are not applicable to circumstances where the shareholding interest held by the Controlling Shareholders and/or their respective subsidiaries (other than members of our Group) as financial investments is less than 10% of the relevant class of issued share capital of such company or 10% of the total share capital of such company, and none of the Controlling Shareholders and/or their subsidiaries (other than members of our Group) has the right to appoint a majority of the directors of such company and are not directly or indirectly involved in the management or daily operation of such company.

Options for New Opportunity

Pursuant to the Non-Competition Undertaking, each of the Controlling Shareholders undertakes that, during the Relevant Period (as defined below), if any of the Controlling Shareholders or their respective subsidiaries (other than members of our Group) (the "**Offeror**") is granted or offered or has identified any business investment or business opportunity that competes or is likely to compete, either directly or indirectly, with our Principal Business Activity (the "New Opportunity"), then, subject to the satisfaction of the relevant regulations of the State-owned Assets Supervision and Administration and to the extent practicable, such Controlling Shareholder will, and will procure its subsidiaries (other than members of our Group) to, first refer the New Opportunity to us in the following manner as soon as practicable: (i) such Controlling Shareholder will, and will procure its subsidiaries (other than members of our Group) to, refer or procure referrals of the New Opportunity to us, and shall give written notice to us of any New Opportunity containing all information reasonably necessary (including but not limited to the nature and details of the costs of investment or acquisition of the New Opportunity) (the "Offer Notice") for us to consider (a) whether the New Opportunity competes with our Principal Business Activity; and (b) whether utilizing the New Opportunity is in the interests of our Group; and only if (a) the Offeror has received notice from us of our rejection of the New Opportunity, or (b) the Offeror has not received notice from us within 10 business days (for the purpose of the Non-Competition Undertaking, a "business day" means a day on which the Stock Exchange generally conducts securities trading business in Hong Kong) from the date on which we receive the Offer Notice, then the Offeror has the right to take advantage of the New Opportunity. We will comply with the requirements under the Listing Rules (as applicable) when deciding whether to exercise our option for any New Opportunity.

If there is any material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the revised New Opportunity to us in the manner set out above. Each of the Controlling Shareholders undertakes to procure its subsidiaries (other than members of our Group) to offer our Group with options for any New Opportunity in accordance with the requirements as stated above.

Right of First Refusal

Where the Controlling Shareholders and/or their respective subsidiaries (other than members of our Group) have, pursuant to "— Options for New Opportunity" above, acquired any business and intend to make a transfer of such business, the Controlling Shareholders will, or procure their respective subsidiaries (other than members of our Group) to, provide us with a right of first refusal (the "**Right of First Refusal**") to acquire such business or such investment or such interest in the same circumstances, subject to the satisfaction of the relevant regulations of the State-owned Assets Supervision and Administration. If we decide not to exercise the Right of First Refusal or

fail to respond in writing within 10 business days of receipt of the Offer Notice, then the Controlling Shareholders may, or may procure their respective subsidiaries (other than members of our Group) to, offer to sell such business to other third parties on terms no better than those offered to our Group. We will comply with the provisions under the Listing Rules (as applicable) when deciding on whether to exercise our Right of First Refusal. Each of the Controlling Shareholders undertakes that it will procure its subsidiaries (other than members of our Group) to grant our Group with Right of First Refusal in accordance with the Non-Competition Undertaking.

Further Undertaking from the Controlling Shareholders

Each of the Controlling Shareholders further confirms and agrees that our Company may be required to disclose information relevant to the Non-Competition Undertaking, the New Opportunity or the Right of First Refusal in accordance with the relevant laws, regulations, the Listing Rules and the rules of the Hong Kong securities regulatory authorities, including but not limited to the compliance of our Controlling Shareholders with the Non-Competition Undertaking in our announcements, annual and/or interim reports. We will make the relevant disclosures to the extent reasonably necessary to comply with any such requirements.

We [have adopted] the following measures to ensure that the undertakings under the Non-Competition Undertaking are observed and/or to manage any direct or indirect competition between the businesses of our Controlling Shareholders (including their respective subsidiaries other than members of our Group) and our Group in the future:

(i) we will provide the independent non-executive Directors with notices on offering or transferring the New Opportunity or Right of First Refusal provided by the Controlling Shareholders (as the case may be), within seven days upon receipt of such notices;

(ii) the independent non-executive Directors will report in our annual reports (a) the results of their review on the Controlling Shareholders' compliance with the Non-Competition Undertaking and (b) any decisions on our Company's options for New Opportunity and Right of First Refusal and basis for the decisions;

(iii) our Directors consider that the independent non-executive Directors have sufficient experience in assessing whether or not to take up the New Opportunity or exercise the Right of First Refusal. Under appropriate or necessary circumstances, our independent non-executive Directors may appoint financial advisors or experts to provide advice on whether the options or Right of First Refusal under the Non-Competition Undertaking shall be exercised and any fees incurred as a result of such shall be borne by us; and

(iv) in the event that we intend to develop any new business, or pursue any business opportunity in the future which would result in competition or likely result in competition, either direct or indirect, with the businesses of our Controlling Shareholders and their respective subsidiaries (other than members of our Group), we will discuss with our Controlling Shareholders to evaluate and adopt measures to delineate our respective businesses and resolve any such competition issues in compliance with Rule 8.10 of the Listing Rules.

The Non-Competition Undertaking will take effect from the date of this undertaking until the occurrence of one of the following events, whichever is earlier, (the "Relevant Period"):

(i) when each of the Controlling Shareholders and its subsidiaries (other than members of our Group), individually or taken as a whole, ceases to be the Controlling Shareholders or controlling beneficial owners of our Company; or

(ii) our Shares cease to be **[REDACTED]** on the Stock Exchange except for suspension of trading of our Shares due to any reasons.

In view of (i) the Controlling Shareholders' undertaking that they will support the development of our business on a priority basis; (ii) the legally binding obligations of the Controlling Shareholders under the Non-Competition Undertaking and the options for New Opportunity and the Right of First Refusal granted to us thereunder; and (iii) the mechanisms in place as described above to monitor the compliance with the Non-Competition Undertaking by the Controlling Shareholders, our Directors are of the view that our Company has taken all appropriate and practicable measures to ensure that each of the Controlling Shareholders will comply with its obligations under the Non-Competition Undertaking.

CORPORATE GOVERNANCE MEASURES

We [have adopted] the following corporate governance measures to manage any potential conflicts of interest and to further safeguard the interests of our minority Shareholders:

- our Company has appointed independent non-executive Directors to ensure the effective exercise of independent judgments on the decision-making process of our Board of Directors and provide independent advice to our Shareholders;

- our independent non-executive Directors will review, on an annual basis, the compliance by our Controlling Shareholders of their undertakings under the Non-Competition Undertaking;

- our Controlling Shareholders will provide all information requested by our Company which is necessary for the performance of the Non-Competition Undertaking, including an annual review by the independent non-executive Directors;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-Competition Undertaking in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;

- our Controlling Shareholders will provide an annual confirmation that they are in compliance with their undertakings under the Non-Competition Undertaking for disclosure in our annual report;

- we are committed that our Board of Directors shall have a sufficiently balanced composition of executive Directors, non-executive Directors and independent non-executive Directors that can facilitate the exercise of independent judgment. We believe that the independent non-executive Directors have the necessary expertise to form and exercise independent judgment in the event of any conflict of interest between our Company and our Controlling Shareholders;

- the independent non-executive Directors will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost in respect of matters relating to the Non-Competition Undertaking;

- any proposed transaction between us and connected persons will be subject to Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent Shareholders' approval requirements of such rules;

- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board of Directors meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such meeting;

- in the event of any potential conflict of interests at the Shareholders' level, our Controlling Shareholders shall abstain from voting at the Shareholders' meeting of our Company with respect to the relevant resolutions; and

- we have appointed Altus Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and corporate governance.

In our ordinary and usual course of business, we have entered into certain agreements with our connected persons. After the **[REDACTED]**, the transactions disclosed in this section will constitute connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon the **[REDACTED]**:

Name of our connected persons	Connected relationship
AG Huanan	a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore an associate of our Controlling Shareholders and a connected person of our Company
AG Services	a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore an associate of our Controlling Shareholders and a connected person of our Company
AG Zhejiang	a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore an associate of our Controlling Shareholders and a connected person of our Company
Continental	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

SUMMARY OF OUR CONNECTED TRANSACTIONS

The following table sets forth a summary of our one-off connected transaction and continuing connected transactions:

Connected transactions	Applicable Listing Rules	Waiver sought	Historical transaction amounts	Proposed annual caps
1. Connected Transactions relating to the AG100/SR10 Program	14A.35, 14A.76(2), 14A.81, 14A.82 and 14A.105	Announcement requirement	2021: US$20.3 million 2022: US$6.5 million 2023: US$5.5 million	2024: US$3.1 million 2025: US$4.6 million 2026: US$4.6 million
(a) One-off AG100/SR10 aircraft development transaction — Aircraft Development Program Agreement	N/A		2021: US$19.9 million 2022: US$5.5 million 2023: US$4.7 million	2024: Nil 2025: Nil 2026: Nil
(b) Continuing AG100 aircraft service transactions — AG100 Aircraft Service Framework Agreement	14A.35, 14A.76(2), 14A.81, 14A.82 and 14A.105		2021: US$0.4 million 2022: US$1.0 million 2023: US$0.8 million	2024: US$3.1 million 2025: US$4.6 million 2026: US$4.6 million
2. Authorized Service Center Agreement	14A.35, 14A.76(2), and 14A.105	Announcement requirement	2021: US$3.7 million 2022: US$1.8 million 2023: US$2.2 million	2024: US$4.0 million 2025: US$5.0 million 2026: US$5.7 million
3. Aircraft Kits Sale and Program Services Framework Agreement	14A.35, 14A.76(2), and 14A.105	Announcement requirement	2021: US$17.2 million 2022: US$13.6 million 2023: US$3.8 million	2024: US$7.2 million 2025: US$7.4 million 2026: US$7.7 million
4. Purchase of Engines and Parts Framework Agreement	14A.35, 14A.36, 14A.46 and 14A.105	Announcement, circular and independent shareholders' approval requirements	2021: US$29.8 million 2022: US$32.6 million 2023: US$43.9 million	2024: US$50.4 million 2025: US$54.2 million 2026: US$57.0 million

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

Background and principal terms

On October 15, 2019, Cirrus Design entered into an aircraft program agreement with AG Zhejiang, as amended by an amendment agreement between Cirrus Design and AG Zhejiang dated October 18, 2022 (collectively, the "**Aircraft Development Program Agreement**"), pursuant to which we collaborate with AG Zhejiang to develop a light-weight general aviation training aircraft with one configuration but two type certificates (the "**AG100/SR10 Program**"). The trainer aircraft developed by AG Zhejiang and certified by CAAC for the PRC market is named AG100, while the trainer aircraft developed by us and to be certified by FAA for our responsible markets is named SR10.

The material terms of our collaboration arrangements with AG Zhejiang in relation to the AG100/SR10 Program are set forth below:

- *Term:* The AG100/SR10 Program will be completed following the issuance of production certificate by the FAA for the SR10 aircraft, subject to our submission of a project close-out report to AG Zhejiang after such issuance.

- *Primary Responsibilities of us:* We are primarily responsible for providing program management, administrative support, supplier management, design, development, certification, and test support for the AG100/SR10 Program. In particular, we are primarily responsible for the design, development and certification of the SR10 aircraft, and the provision of support for AG Zhejiang to obtain CAAC type certification for the AG100 aircraft.

- *Primary Responsibilities of AG Zhejiang:* AG Zhejiang is primarily responsible for obtaining CAAC certification for the AG100 aircraft.

- *Pricing and Payment:* The terms of the Aircraft Development Program Agreement were determined on normal commercial terms after arm's length negotiations between AG Zhejiang and us. The AG100/SR10 Program adopts a fixed price methodology. AG Zhejiang shall pay us a fixed development fee for the AG100/SR10 Program, which was

determined with reference to the research and development costs expected to be incurred by us, including expenses as a result of the impact the COVID-19 and the inclusion of AG Zhejiang on the Military End-User List which caused delay to the AG100/SR10 Program. See "Business — International Sanctions Relevant to Certain Business Activities and Affiliates — Business Activities with AG Huanan and AG Zhejiang" for further details. Such research and development costs were determined with reference to (i) time cost based on the expected number and man-hour of different research and development personnel involved and their hourly rate, and (ii) the expected amount and cost of materials, tooling and consumables. AG Zhejiang shall pay us the fixed development fee by agreed milestones.

- *Sales and Marketing:* We and AG Zhejiang have the right, but not the obligation, to manufacture SR10 or AG100, respectively, upon its commercialization. If we decide to manufacture SR10 upon its commercialization, we shall be responsible for the sales and marketing and related costs of the SR10 aircraft and be free to sell the SR10 aircraft in the North America, South America, Europe, Australia, and South Africa markets. AG Zhejiang shall be responsible for the sales and marketing and related costs of the AG100 aircraft and be free to sell the AG100 aircraft in the PRC market. For all other countries or markets other than the aforementioned territories, we and AG Zhejiang will decide the respective responsibility on a case-by-case basis. Neither AG Zhejiang nor we are permitted to sell AG100 or SR10 in the other party's responsible market(s) without the other party's written consent. See also "Reasons for the transaction" below.

- *Ownership of Intellectual Property:* Intellectual property that is owned by us and generated before or independently developed or generated outside the scope of the AG100/SR10 Program, including designs, drawings and specifications, shall remain our property. Any information of us retained by AG Zhejiang shall remain subject to the restrictions on use, reproduction and disclosure in the Aircraft Development Program Agreement. We and AG Zhejiang grant to each other a non-exclusive and non-transferable limited license of the respective intellectual property that is owned by such party and generated before or independently developed or generated outside the scope of the AG100/SR10 Program, for the performance by the other party of its obligations under the Aircraft Development Program Agreement and in connection with the AG100 aircraft or SR10 aircraft, respectively. All intellectual property jointly made, developed, conceived, first reduced to practice, fixed in any tangible medium of expression or created by us and AG Zhejiang during the term of the AG100/SR10 Program for or directly relating to the AG100/SR10 Program that is generated during the AG100/SR10 Program shall be the joint property of the parties, and shall not be assignable or transferable to any third party.

- *Confidentiality:* We and AG Zhejiang shall protect all non-public information, products and/or materials disclosed by or on behalf of a party to, or otherwise received, observed or accessed by the other party in connection with the AG100/SR10 Program, including without limitation financial data, product technologies, processes, specifications, invention or design data, engineering drawings, against unauthorized access, use or disclosure.

- *Insurance:* We and AG Zhejiang shall maintain insurance to cover all employees and flight operations for the term of the Aircraft Development Program Agreement, and shall maintain third party product liability insurance with no individual person or seat insurance limit, with a minimum coverage of US$10 million per occurrence.

- *Termination:* Either party may terminate the Aircraft Development Program Agreement immediately upon written notice to the other party in the event of (i) a material breach that remains uncured per the procedures set out in the Aircraft Development Program Agreement, (ii) bankruptcy of the other party, or (iii) an uncured force majeure event. AG Zhejiang may terminate the Aircraft Development Program Agreement for convenience upon six months' written notice to us.

As of the Latest Practicable Date, the AG100/SR10 Program had not been completed as the SR10 aircraft had received its type certificate but had yet to receive its production certificate from the FAA. The AG100 aircraft had received its type certificate and production certificate from the CAAC and had been commercialized in January 2024. The AG100/SR10 Program is expected to be completed in 2024 following the issuance of production certificate by the FAA for the SR10 aircraft, subject to our submission of a project close-out report to AG Zhejiang after such issuance. The issuance of the production certificate is subject to program timing risks and external factors such as delays in regulatory review.

AG Zhejiang was listed on the Military End-User List maintained by the BIS in December 2020. In this connection, we obtained an export license from the BIS on February 9, 2021, which is effective up to February 28, 2025, authorizing the export, reexport and transfer of certain items subject to the EAR to AG Zhejiang relating to the AG100/SR10 Program. We temporarily suspended the export, reexport and transfer of items subject to the EAR to AG Zhejiang after AG Zhejiang was listed on the Military End-User List and prior to obtaining the export license. We currently expect the AG100/SR10 Program to be completed before the expiry of the export license, i.e., in 2024 following the issuance of production certificate by the FAA for the SR10 aircraft (subject to our submission of a project close-out report to AG Zhejiang after such issuance, and the issuance of the production certificate is subject to program timing risks and external factors such as delays in regulatory review). In the unlikely event that the AG100/SR10 Program may only be

completed after the expiry of the export license, we will renew our export license in a timely manner before it expires. See "Business — International Sanctions relevant to Certain Business Activities and Affiliates — Business Activities with AG Huanan and AG Zhejiang" for further details.

Reasons for the transaction

Under the Aircraft Development Program Agreement, we would develop a new configuration model to expand our product offering and at the same time receive a development fee from AG Zhejiang. Upon commercialization in January 2024, AG100 aircraft are manufactured by AG Zhejiang in the PRC and sold in the PRC market. We have the right, but not the obligation, to manufacture and sell SR10. If we decide to do so, SR10 will be manufactured by us in the U.S. and sold in the North America, South America, Europe, Australia, and South Africa markets. For all other countries or markets other than the aforementioned territories, we and AG Zhejiang will decide the respective responsibility on a case-by-case basis. Neither AG Zhejiang nor we are permitted to sell AG100 or SR10 in the other party's responsible market(s) without the other party's written consent. Nonetheless, while we will continue to expand our production capacity and formulate our production plan to make the best use of our production capacity, our present intention is to focus our manufacturing capacity on our other products which are of higher prices and profitability.

Continuing aircraft service transactions — AG100 Aircraft Service Framework Agreement

Background and principal terms

On November 9, 2023, our Company, Cirrus Design and AG Zhejiang entered into an aircraft service framework agreement (the "AG100 Aircraft Service Framework Agreement"), pursuant to which AG Zhejiang may from time to time purchase from us (i) procurement support in the forms of supply of materials, and/or procurement of materials from other suppliers, for the certification and production of the AG100 aircraft, and (ii) technical support for the AG100 aircraft in the forms of supplementary testing, technical consultation on the certification process for type certificate, design optimization support after receiving type certificate, and/or continuous airworthiness support after receiving type certificate for the AG100 aircraft. See "— One-off AG100 aircraft development transaction — Aircraft Development Program Agreement" above for details of the AG100 aircraft that is being developed under the AG100/SR10 Program.

We may enter into individual agreements and/or statements of work with AG Zhejiang or its subsidiaries with respect to the transactions contemplated under the AG100 Aircraft Service Framework Agreement in accordance with the terms and conditions as set forth in the AG100 Aircraft Service Framework Agreement. The term of the AG100 Aircraft Service Framework

Agreement is three years, commencing on the **[REDACTED]**. The AG100 Aircraft Service Framework Agreement can be renewed by the agreement among our Company, Cirrus Design and AG Zhejiang subject to compliance with the requirements under applicable laws, regulations and rules (including but not limited to the Listing Rules).

As disclosed under the subsection headed "— One-off AG100 aircraft development transaction — Aircraft Development Program Agreement" above, AG Zhejiang was listed on the Military End-User List in December 2020, and we have obtained an export license from the BIS on February 9, 2021, which is effective up to February 28, 2025, authorizing the export, reexport and transfer of certain items subject to the EAR to AG Zhejiang relating to the AG100/SR10 Program. The export license also authorizes the export, reexport and transfer of certain items subject to the EAR to AG Zhejiang for transactions contemplated under the AG100 Aircraft Service Framework Agreement. We temporarily suspended the export, reexport and transfer of items subject to the EAR to AG Zhejiang after AG Zhejiang was listed on the Military End-User List and prior to obtaining the export license. In the event that there is any transaction under the AG100 Aircraft Service Framework Agreement that may occur after the expiry of the export license, we will renew our export license in a timely manner before it expires. See "Business — International Sanctions relevant to Certain Business Activities and Affiliates — Business Activities with AG Huanan and AG Zhejiang" for further details.

Reasons for the transactions

The transactions contemplated under the AG100 Aircraft Service Framework Agreement are the ongoing procurement support and technical support we expect to provide to AG Zhejiang in relation to the AG100 aircraft, which are ancillary to the AG100/SR10 Program.

Pricing policy

The terms of the AG100 Aircraft Service Framework Agreement were determined on normal commercial terms after arm's length negotiations between AG Zhejiang and us. The price of the procurement support and technical support provided to AG Zhejiang under the AG100 Aircraft Service Framework Agreement shall be fair and reasonable and reflect normal commercial terms, with reference to our cost, including (i) our cost of raw materials for supply of materials based on the number, type and specifications of materials procured by AG Zhejiang, and (ii) our labor cost for other procurement support and technical support procured by AG Zhejiang based on the number of our employees involved and the time spent by them on the relevant procurement support and/or technical support, which will be charged at a fixed cost per man-hour, as adjusted by inflation plus a reasonable margin.

Historical transaction amounts and annual caps and basis

For purposes of Rules 14A.81 and 14A.82 of the Listing Rules, the transactions under the Aircraft Development Program Agreement and the AG100 Aircraft Service Framework Agreement shall be aggregated on the bases that (i) the Aircraft Development Program Agreement and the AG100 Aircraft Service Framework Agreement were both entered into between us and AG Zhejiang, and (ii) the transactions contemplated under the AG100 Aircraft Service Framework Agreement are related to the development of the AG100 aircraft under the Aircraft Development Program Agreement.

For purposes of Rules 14A.81 and 14A.82 of the Listing Rules, the total transaction amounts in respect of the transaction under the Aircraft Development Program Agreement and the transactions contemplated under the AG100 Aircraft Service Framework Agreement for the years ended December 31, 2021, 2022 and 2023 are set out as follows:

	For the year ended December 31,		
	2021	**2022**	**2023**
		(US$ million)	
Development fee from AG Zhejiang[(1)]	19.9	5.5	4.7
Provision of procurement support and technical support to AG Zhejiang relating to the AG100 aircraft	0.4	1.0	0.8
Total	**20.3**	**6.5**	**5.5**

(1) The fluctuation in development fee from AG Zhejiang during the Track Record Period was due to the fluctuation in our time and materials or research and development costs incurred by us for the AG100/SR10 Program according to the relevant statements of work agreed between AG Zhejiang and us.

For purposes of Rules 14A.81 and 14A.82 of the Listing Rules, the proposed annual caps in respect of the transaction under the Aircraft Development Program Agreement and the transactions contemplated under the AG100 Aircraft Service Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are as follows:

	For the year ending December 31,		
	2024	**2025**	**2026**
		(US$ million)	
Development fee from AG Zhejiang under the Aircraft Development Program Agreement	—	—	—
Provision of procurement support and technical support to AG Zhejiang relating to the AG100 aircraft under the AG100 Aircraft Service Framework Agreement	3.1	4.6	4.6
Total	**3.1**	**4.6**	**4.6**

The above proposed annual caps in respect of the transactions contemplated under the AG100 Aircraft Service Framework Agreement are based on (i) the historical transaction amounts in respect of similar procurement support and technical support provided to AG Zhejiang taking into account the need to cater for potential increases or fluctuations, (ii) the expected transaction volume with AG Zhejiang based on (a) the expected number, type and specifications of materials to be procured by AG Zhejiang (including existing agreements and/or statements of work), and (b) the expected number of our employees involved, the time to be spent by them on procurement support and technical support, and their fixed cost per man-hour, taking into account the existing agreements and/or statements of work and the expected demand from AG Zhejiang for the development and production of the AG100 aircraft upon commercialization. The AG100 aircraft had received its type certificate and production certificate from the CAAC and had been commercialized in January 2024. We expect AG Zhejiang will need more procurement support as compared to the Track Record Period, and in particular the number of sets of materials to be procured by AG Zhejiang from us is expected to increase, for ramping up the production of the AG100 aircraft upon its commercialization, and (iii) current prices for the procurement support and technical support and expected inflation.

Implications under the Listing Rules

For purposes of Rules 14A.81 and 14A.82 of the Listing Rules, the transactions under the Aircraft Development Program Agreement and the AG100 Aircraft Service Framework Agreement shall be aggregated. As the highest of all applicable percentage ratios in respect of the transaction under the Aircraft Development Program Agreement and the transactions contemplated under the AG100 Aircraft Service Framework Agreement on an aggregate basis will be more than 0.1% but less than 5%, such transactions will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Authorized Service Center Agreement

Background and principal terms

On July 6, 2020, Cirrus Design and AG Services entered into an authorized service center agreement, as amended by a supplemental agreement dated November 9, 2023 (the "Authorized Service Center Agreement"), pursuant to which we authorized AG Services to operate as our authorized service center in the PRC for our SR series aircraft on a non-exclusive basis. AG Services shall provide prompt and efficient maintenance and services at reasonable prices and terms on our SR series aircraft for aircraft owners in the PRC, and provide warranty and other services on our SR series aircraft without charge to the aircraft owners subject to our policies and procedures and the warranty and other service terms applicable to the particular aircraft. In addition, we shall sell to AG Services aircraft parts, kits, tooling, test equipment and technical publications which are required for AG Services to perform services on our SR series aircraft, as well as aircraft parts manufactured or approved by us for the purposes of inventory or resale. AG Services or its subsidiaries may place individual purchase orders separately with us which provide for specific terms and conditions including product description, quantity, price, requested delivery dates and shipping instructions and other terms in accordance with the Authorized Service Center Agreement. The term of the Authorized Service Center Agreement is three years, commencing from the **[REDACTED]**. The Authorized Service Center Agreement can be renewed by the agreement between Cirrus Design and AG Services subject to compliance with the requirements under applicable laws, regulations and rules (including but not limited to the Listing Rules).

Reasons for the transactions

Our Directors are of the view that the Authorized Service Center Agreement is to the benefit of our Company because (i) we currently do not have any self-operated service center in the PRC, (ii) AG Services has been authorized to operate as our authorized service center in the PRC for our SR series aircraft since 2015, (iii) through AG Services, end users of our SR series aircraft in the PRC could enjoy warranty, maintenance and other services in a more efficient manner without our Group incurring additional costs in operating a self-owned service center in the PRC, and (iv) we consider that it is not easy to find a substitute for provision of relevant services in the PRC market with similar quality, capacity, cultivated trust and understanding.

Pricing policy

The terms of the Authorized Service Center Agreement were determined on normal commercial terms after arm's length negotiations between AG Services and us. The sales price of the aircraft products supplied to AG Services under the Authorized Service Center Agreement shall be fair and reasonable and reflect normal commercial terms. The sales price of aircraft products we offer to AG Services under the Authorized Service Center Agreement are determined with reference to the price we offer to our other independent authorized service centers and our cost, including (i) our cost of raw materials based on the number, type and specifications of products required by our authorized service centers, and (ii) our labor cost based on the number of our employees and their time involved, as adjusted by inflation plus a reasonable margin.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023, the total transaction amounts in respect of our provision of aircraft products to AG Services are set out as follows:

	For the year ended December 31,		
	2021	**2022**	**2023**
		(US$ million)	
Provision of aircraft products to AG Services	3.7	1.8	2.2

The transaction amount in respect of our provision of aircraft products to AG Services in 2021 was higher than that in 2022 and 2023, primarily due to the large amount of aircraft products that AG Services procured from us for the maintenance of the aircraft assembled from the larger

amount of aircraft kits we sold in the PRC in 2021 (see "— 3. Aircraft Kits Sale and Program Services Framework Agreement — Historical transaction amounts" below for details) and large stocking order for parts placed by AG Services in 2021 in anticipation of increased demand in 2022.

Annual caps and basis

The proposed annual caps in respect of our provision of aircraft products to AG Services contemplated under the Authorized Service Center Agreement for the years ending December 31, 2024, 2025 and 2026 are as follows:

	For the year ending December 31,		
	2024	**2025**	**2026**
		(US$ million)	
Provision of aircraft products to AG Services	4.0	5.0	5.7

The above proposed annual caps are based on (i) the historical transaction amounts in respect of our provision of aircraft products to AG Services taking into account the need to cater for potential increases or fluctuations, (ii) the historical sales volume of the aircraft kits for our SR series aircraft to AG Huanan and/or AG Services for their subsequent resale to civil end users in the PRC after the aircraft kits are assembled into aircraft, taking into account the historical transaction amounts in respect of our sales of aircraft kits to AG Huanan and/or AG Services of US$14.8 million, US$11.3 million and US$3.0 million in 2021, 2022 and 2023, respectively (see "— 3. Aircraft Kits Sale and Program Services Framework Agreement — Historical transaction amounts" below for details), (iii) the expected sales volume of our SR series aircraft in the PRC (including existing and expected orders for aircraft kits. See "— 3. Aircraft Kits Sale and Program Services Framework Agreement — Annual caps and basis" below for details), (iv) the expected number, type and specifications of aircraft products to be supplied to AG Services taking into account the existing orders for aircraft products, the expected number of our SR series aircraft that will be in operation in the PRC, including the number of SR series aircraft that we sold in the PRC, and the expected maintenance needs for such aircraft due to their aging and (v) current prices of the aircraft products and expected inflation. Notwithstanding the fluctuation in transaction amounts in respect of our provision of aircraft products to AG Services during the Track Record Period as explained above, the transaction amounts are expected to increase in 2024, 2025 and 2026, primarily due to the expected increase in demand for our aircraft products to perform services on our aircraft in the PRC from the expected increase in number of our aircraft in operation in the PRC, aging of such aircraft and the expected increase in average operating time of our aircraft in the PRC in light of the alleviation of the negative impact of the COVID-19 pandemic.

Implications under the Listing Rules

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Authorized Service Center Agreement will be more than 0.1% but less than 5%, such transactions will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Aircraft Kits Sale and Program Services Framework Agreement

Background and principal terms

On November 9, 2023, our Company, Cirrus Design, AG Huanan and AG Services entered into an aircraft kits sale and program services framework agreement (the "Aircraft Kits Sale and Program Services Framework Agreement"), pursuant to which AG Huanan and/or AG Services may from time to time (i) procure from us aircraft kits for TRAC20 model aircraft, a purpose-built configuration of the SR20 model aircraft, and (ii) procure program services from us to assist AG Huanan in the assembly of the aircraft kits. The Aircraft Kits Sale and Program Services Framework Agreement also provided that AG Services shall serve as our non-exclusive authorized reseller of our TRAC20 model and TRAC22 model aircraft in the PRC. For serving as our non-exclusive authorized reseller, AG Services has a buy-seller relationship with us, and we do not record any revenue nor costs arising from the sales of our TRAC20 model and TRAC22 model aircraft by AG Services in the PRC. To the best knowledge of our Directors, the TRAC20 model aircraft assembled from the aircraft kits by AG Huanan (as the manufacturing arm of CAIGA) will be resold by AG Services (as the sales and marketing arm of CAIGA) to civil end users in the PRC.

We may enter into individual agreements separately with AG Huanan and/or AG Services, or their respective subsidiaries, with respect to the transactions contemplated under the Aircraft Kits Sale and Program Services Framework Agreement which provide for specific terms and conditions including scope of work, product description, quantity, price, requested delivery dates and shipping instructions and other terms in accordance with the Aircraft Kits Sale and Program Services Framework Agreement. The term of the Aircraft Kits Sale and Program Services Framework Agreement is three years, commencing on the **[REDACTED]**. The Aircraft Kits Sale and Program Services Framework Agreement can be renewed by the agreement among our Company, Cirrus Design, AG Huanan and AG Services subject to compliance with the requirements under applicable laws, regulations and rules (including but not limited to the Listing Rules).

In support of the aircraft kits sale transactions under the Aircraft Kits Sale and Program Services Framework Agreement, we have granted a limited license (the "TC License") to AG Huanan to use a FAA type certificate and corresponding approved data to manufacture SR20, SR22 and SR22T models of aircraft (covering also TRAC20, TRAC22 and TRAC22T models of aircraft) with limitations and under the oversight of a CAAC production certificate, to enable AG Huanan to perform its manufacturing or assembly function at its manufacturing facilities in the PRC by assembling the aircraft kits for further resale to civil end users in the PRC.

AG Huanan was listed on the Military End-User List in December 2020. In this connection, we obtained various export licenses from the BIS in respect of our sales of SR20 aircraft kits to AG Huanan for its resale to specific civil end users, and we further obtained an export license from the BIS on May 9, 2022, which is effective up to May 31, 2026, authorizing our export and reexport to AG Huanan of items relating to the SR20 aircraft that are subject to the EAR. In respect of the TC License, we had obtained three export licenses from BIS which are effective up to February 28, 2025, September 30, 2025 and May 31, 2026, respectively, authorizing our export, reexport and transfer to AG Huanan of certain items relating to the TC License that are subject to the EAR. See "Business — International Sanctions relevant to Certain Business Activities and Affiliates — Business Activities with AG Huanan and AG Zhejiang" for further details.

Reasons for the transactions

Our Directors are of the view that the Aircraft Kits Sale and Program Services Framework Agreement is to the benefit of our Company because (i) our principal business is the design, development, manufacturing and sales of single-engine piston and jet aircraft and it is in our ordinary and usual course of business to sell aircraft kits and provide relevant program services, (ii) we have been selling aircraft kits and providing relevant program services to AG Huanan and/or AG Services for years, (iii) we consider that AG Huanan and AG Services have a wide and developed sales network and the quality, capacity, cultivated trust and understanding with us which we could benefit from, and (iv) we currently do not have our own facilities in the PRC and it is not easy and costly for us to perform as efficiently the roles currently undertaken by AG Huanan and AG Services due to our unfamiliarity with the local regulatory and industry environments.

Pricing policy

The terms of the Aircraft Kits Sale and Program Services Framework Agreement were determined on normal commercial terms after arm's length negotiations among AG Huanan, AG Services and us. The price to be determined in respect of the aircraft kits and program services shall be fair and reasonable and reflect normal commercial terms, with reference to our cost, including (i) our cost of raw materials based on the number of aircraft kits and their specifications,

and (ii) our labor cost for the aircraft kits and related program services based on the number of aircraft kits procured and the number of our employees and their time involved, as adjusted by inflation plus a reasonable margin.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023, the total transaction amounts in respect of the transactions contemplated under the Aircraft Kits Sale and Program Services Framework Agreement are set out as follows:

	For the year ended December 31,		
	2021	**2022**	**2023**
		(US$ million)	
Aircraft kits sale	14.8	11.3	3.0
Program services	2.4	2.3	0.8
Total[(1)]	**17.2**	**13.6**	**3.8**

Note:

(1) The total transaction amounts in respect of the transactions contemplated under the Aircraft Kits Sale and Program Services Framework Agreement in 2021 and 2022 were higher than that in 2023, primarily because of two significant orders received in 2019 and 2021 that were delivered throughout 2020 to 2022. The drop in total transaction amount in 2023 was also partly due to the significant number of new aircraft previously purchased.

Annual caps and basis

The proposed annual caps in respect of the transactions contemplated under the Aircraft Kits Sale and Program Services Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are as follows:

	For the year ending December 31,		
	2024	**2025**	**2026**
		(US$ million)	
Aircraft kits sale	6.2	6.4	6.7
Program services	1.0	1.0	1.0
Total	**7.2**	**7.4**	**7.7**

The above proposed annual caps are based on (i) the historical transaction amounts in respect of similar aircraft kits sale and program services transactions with AG Huanan and/or AG Services taking into account the fluctuations over the Track Record Period, and the fact that the flight schools in the PRC had already procured a relatively high volume of our aircraft kits and related program services to replace their old model trainer aircraft in 2020, (ii) the expected transaction volume with AG Huanan and/or AG Services taking into account the expected demand from AG Huanan and/or AG Services, based on (a) the expected number of aircraft kits to be procured (including existing orders for aircraft kits) and their specifications and (b) the expected volume of related program services for assembling such aircraft (including existing agreements for program services), and (iii) current prices for the aircraft kits and program services and expected inflation.

Implications under the Listing Rules

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Aircraft Kits Sale and Program Services Framework Agreement will be more than 0.1% but less than 5%, such transactions will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS THAT ARE SUBJECT TO REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

4. Purchase of Engines and Parts Framework Agreement

Background and principal terms

On July 1, 2022, Cirrus Design and Continental entered into a master supply agreement, as amended by a supplemental agreement dated December 1, 2023 (the "Purchase of Engines and Parts Framework Agreement"), pursuant to which our Group may from time to time procure engines and aircraft parts from Continental. We may place individual purchase orders separately with Continental which provide for specific terms and conditions including product description, quantity, price, requested delivery dates and shipping instructions and other terms in accordance with the Purchase of Engines and Parts Framework Agreement. The term of the Purchase of Engines and Parts Framework Agreement commenced on July 1, 2022 and will end on June 30, 2025. The Purchase of Engines and Parts Framework Agreement can be renewed by the agreement between the Continental and us subject to compliance with the requirements under applicable laws, regulations and rules (including but not limited to the Listing Rules).

Reasons for the transactions

We have procurement needs for engines and parts for producing and providing aftermarket services and parts for our aircraft in our ordinary course of business. Being one of largest general aviation aircraft piston engine manufacturers in the industry according to Frost & Sullivan, Continental became our production supplier in 1999, and is mainly supplying engines for our SR22 model and SR22T model aircraft. Therefore, Continental has acquired a deep understanding of our business and operational requirements, and we benefit from Continental's customized services and our long-term stable business relationship with Continental, which has enhanced our market competitiveness. While our Directors consider that there are alternative suppliers of engines at a comparable price in the market, procuring from Continental instead of switching to other suppliers can avoid unnecessary disruption to our business and extra costs given design changes to our SR22 model and SR22T model aircraft and a new certification process will be involved.

Pricing policy

The terms of the Purchase of Engines and Parts Framework Agreement were determined on normal commercial terms after arm's length negotiations between Continental and us. The sales price of the engines and parts will be based on (i) the product specifications required by us, (ii) the extended warranty required by us, (iii) the cost incurred by Continental including raw materials and labor cost, (iv) a volume-based discount with reference to the number of engines we procure, and (v) a margin set by Continental with reference to Continental's sales to its independent customers, as adjusted by inflation.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023, the total transaction amounts in respect of our purchase of engines and parts from Continental are set out as follows:

	For the year ended December 31,		
	2021	**2022**	**2023**
		(US$ million)	
Purchase of engines and parts from Continental	29.8	32.6	43.9

Annual caps and basis

The proposed annual caps in respect of the transactions contemplated under the Purchase of Engines and Parts Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are as follows:

	For the year ending December 31,		
	2024	**2025**	**2026**
		(US$ million)	
Purchase of engines and parts from Continental	50.4	54.2	57.0

The above proposed annual caps are based on (i) the historical transaction amounts in respect of our purchase of engines and parts from Continental. In particular, the historical transaction amounts in respect of our purchases of engines and parts from Continental increased by 9.3% from 2021 to 2022 and increased by 34.7% from 2022 to 2023, (ii) the historical sales volume of our SR22 model and SR22T model aircraft, considering that we delivered 361, 439 and 497 SR22 model and SR22T model aircraft to our customers in 2021, 2022 and 2023, respectively, representing an increase of 21.6% from 2021 to 2022 and 13.2% from 2022 to 2023, and we have delivered 4,500 SR22 model aircraft and 3,262 SR22T model aircraft as of the Latest Practicable Date, (iii) the expected sales volume of our SR22 model and SR22T model aircraft taking into account our backlog of 1,016, 1,422, 1,233 and 1,383 aircraft as of December 31, 2021, 2022 and 2023 and the Latest Practicable Date, respectively, our business development plans and strategies, and expected market growth. According to Frost & Sullivan, in terms of dollar value of aircraft deliveries, the global personal aviation market is expected to grow from US$3.5 billion in 2023 to US$4.0 billion in 2025, representing a CAGR of 6.9%, (iv) the expected volume of engines and parts to be purchased from Continental for the production and provision of aftermarket services and parts for our SR22 model and SR22T model aircraft and (v) current prices of the engines and parts and expected inflation.

Implications under the Listing Rules

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Purchase of Engines and Parts Framework Agreement will be more than 5%, such transactions will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVERS

The transactions described under the subsection headed "— Non-exempt Connected Transactions that are subject to Reporting, Annual Review and Announcement Requirements" and the subsection headed "— Non-Exempt Continuing Connected Transactions that are subject to Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" above will constitute our connected transactions subject to those requirements under Chapter 14A of the Listing Rules upon the **[REDACTED]**.

As the non-exempt continuing connected transactions are expected to be carried out on a recurring and continuing basis and to extend over a period of time, and their material terms have been disclosed in this Document, our Directors are of the view that strict compliance with the aforementioned announcement, circular and independent shareholders' approval requirements (as the case may be) under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Company.

Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted,] a waiver exempting us from strict compliance with (i) the announcement requirement under the Listing Rules in respect of the connected transactions as disclosed in "— Non-exempt Connected Transactions that are subject to Reporting, Annual Review and Announcement Requirements"; and (ii) the announcement, circular and independent shareholders' approval requirements under the Listing Rules in respect of the continuing connected transactions as disclosed in "— Non-exempt Continuing Connected Transactions that are subject to Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements" in this section, subject to the condition that the aggregate amounts of the connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps as stated above.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the connected transactions referred to in this Document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

INTERNAL CONTROL MEASURES

We have adopted the following internal control procedures to ensure that the continuing connected transactions are fair and reasonable and on normal commercial terms or better, and comply with applicable laws and regulations (including the Listing Rules):

- we have adopted and implemented a management system on connected transactions. Under such system, our Board of Directors and various internal departments of our Group will be responsible for the control and daily management in respect of the continuing connected transactions;

- our Board of Directors and various internal departments of our Group (including but not limited to the finance department and legal department) will be jointly responsible for evaluating the terms under the relevant agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) under each transaction;

- our Board of Directors and the finance department of our Group will regularly monitor the continuing connected transactions (including but not limited to transaction amounts and annual caps under the relevant agreements) and our management will regularly review the pricing policies to ensure continuing connected transactions are performed in accordance with the relevant agreements;

- when considering pricing for connected transactions, our Group will routinely research prevailing market conditions and practices and make reference to the pricing and terms between our Group and independent third parties for similar transactions, to ensure that the pricing and terms offered by or to our connected persons are fair, reasonable and no less favorable than those to be offered by or to independent third parties;

- the Audit, Risk Control and Compliance Committee shall conduct periodic examination of the overall situation of the continuing connected transactions, and report the review opinions to our Board of Directors;

- our independent non-executive Directors will conduct annual reviews of the continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable, and conducted according to the terms of the relevant agreements;

- the auditor of our Company shall issue a letter to our Board of Directors to express opinions on the continuing connected transactions on an annual basis. We shall allow our auditor to review and check the relevant accounts to facilitate them to express opinions; and

- when considering any renewal or revisions to the framework agreements after the **[REDACTED]**, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings and shareholders' meetings (as the case may be).

See "Business — International Sanctions relevant to Certain Business Activities and Affiliates — Internal Control Measures" for further details of our internal control procedures with respect to export control and other International Sanctions.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions have been and will continue to be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Based on due diligence findings, including but not limited to information provided by the Company, the Sole Sponsor is of the view that the non-exempt continuing connected transactions set out above have been and will continue to be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

The Board of Directors consists of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. The Directors are elected for a term of three years and are subject to re-election upon retirement. The following table sets forth certain information regarding the Directors.

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Responsibilities	Relationship with other Directors and senior management
Mr. Lei YANG (楊雷)	55	June 2023	June 2023	Non-executive Director and Chairman of the Board of Directors	Responsible for taking charge of the meetings of the Board of Directors and Shareholders, formulating agendas, high-level supervision of the Board of Directors, strategic planning sign-off and supervision of execution	None
Mr. Hui WANG (王暉). . . .	56	January 2023	June 2023	Executive Director and vice Chairman of the Board of Directors	Responsible for the high-level supervision of the Board of Directors, strategic planning sign-off and supervision of execution to ensure effective governance, and facilitation of communication between the Board of Directors and the management	None
Mr. Qingchun SONG (宋慶春)	40	December 2019	December 2019	Non-executive Director	Providing strategic advice in the formulation of business plans and major decisions of the Group	None

Name	Age	Date of joining our Group	Date of appointment as a Director	Position	Responsibilities	Relationship with other Directors and senior management
Mr. Liang LIU (劉亮)	39	August 2020	April 2021	Non-executive Director	Providing strategic advice in the formulation of business plans and major decisions of the Group	None
Mr. Yihui LI (李屹暉)	57	January 2023	June 2023	Non-executive Director	Providing strategic advice in the formulation of business plans and major decisions of the Group	None
Mr. Zean Hoffmeister Vang NIELSEN	46	June 2019	April 2021	Executive Director and chief executive officer	Responsible for the Group's daily management operations, the full profit and loss, driving the Group's development and success, leading the implementation of the strategic plan and business strategy, and overseeing overall business activities of the Group	None
Mr. Ian H CHANG (張仁燘)	69	**[REDACTED]**	June 2023 (effective from the **[REDACTED]**)	Independent non-executive Director	Supervising and providing independent advice on the operation and management of our Group	None
Mr. Chung Man Louis LAU (劉仲文)	65	**[REDACTED]**	June 2023 (effective from the **[REDACTED]**)	Independent non-executive Director	Supervising and providing independent advice on the operation and management of our Group	None
Ms. Ferheen MAHOMED (*alias:* 馬穎欣).	58	**[REDACTED]**	June 2023 (effective from the **[REDACTED]**)	Independent non-executive Director	Supervising and providing independent advice on the operation and management of our Group	None

Mr. Zean Hoffmeister Vang NIELSEN and Mr. Hui WANG (王暉), our executive Directors, and our senior management members are currently based in the U.S. Our executive Directors and senior management members are responsible for our day-to-day operations and management. Our non-executive Directors and proposed independent non-executive Directors will not be involved in our day-to-day operations and management. In addition, Mr. Wei PI (皮巍), our joint company secretary who is primarily responsible for investor relations maintenance, daily operation of the office of the Board of Directors and the company secretarial matters of the Group, is also currently based in the U.S.

Our management team regularly reports to our Board of Directors on the status of our Group's business operations in person or by way of telephone or video conferences. During our quarterly Board of Directors' meetings which are convened in person or by means of telephone, video or other means of telecommunications, our management team presents our Group's overall business performance report to the Board of Directors. For matters which require approval from the Board of Directors according to the Articles, our management team prepares written proposal for our Board of Directors' consideration.

Mr. Lei YANG (楊雷), aged 55, has been a non-executive Director and chairman of the board of Directors since June 2023. He is primarily responsible for taking charge of the meetings of the Board of Directors and Shareholders, formulating agendas, high-level supervision of the Board of Directors, strategic planning sign-off and supervision of execution.

Mr. Yang has been serving as the chairman of the board of directors and a director of CAIGA since July 2023 and December 2016, respectively. Mr. Yang was the general manager of CAIGA from December 2016 to July 2023. From April 2013 to December 2016, Mr. Yang was a director and general manager of AVIC SAC Commercial Aircraft Company Ltd.* (中航瀋飛民用飛機有限責任公司) ("**SAC Commercial Aircraft**"), a company mainly engages in the design, manufacture, testing, production, sales and related business and import and export trade of civil aircraft and its components, He was the deputy general manager of SAC Commercial Aircraft, where he was mainly responsible for product development and manufacturing, product quality and project management and international cooperation, from December 2007 to April 2013. Mr. Yang also undertook several positions at Shenyang Aircraft Industry (Group) Co., Ltd.* (瀋陽飛機工業(集團)有限公司, which was acquired by AVIC Shenyang Aircraft Company Limited* (中航瀋飛股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600760)), from August 1989 to December 2007, including a deputy director (副主任) of the technology division of the Boeing 737 development research center and minister (部長) of manufacture engineering department.

Mr. Yang obtained his bachelor's degree in mechanical manufacturing control and inspection and his master's degree in aeronautical engineering from Beihang University (北京航空航天大學) in July 1989 and December 2003, respectively. He was granted the special government allowance (政府特殊津貼) by the State Council in January 2015.

Mr. Hui WANG (王暉), aged 56, has been an executive Director since June 2023. He has been a director of each of Cirrus Industries, Dakota Aircraft and Cirrus Design since January 2023. Mr. Wang is primarily responsible for the high-level supervision of the Board of Directors, strategic planning sign-off and supervision of execution to ensure effective governance, and facilitation of communication between the Board of Directors and the management.

Mr. Wang has been serving as a senior specialist (高級專務) of CAIGA since May 2020. From May 2010 to January 2017, he held various positions at CAIGA, including board secretary, general manager assistant and minister (部長) of planning and development department.

Mr. Wang was (i) a director of AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司, "AVIC Heavy Machinery"), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600765), from September 2022 to July 2023; (ii) a director of China Guizhou Aviation Industry (Group) Co., Ltd.* (中國貴州航空工業(集團)有限責任公司, "Guizhou Aviation") from September 2021 to July 2023; (iii) the chairman of the board of directors of Zhuhai AVIC General Technology Assets Co., Ltd* (珠海中航通飛科技資產有限公司) from June 2021 to May 2023; (iv) the chairman of the board of directors of Shenzhen Guihang Industry Co., Ltd* (深圳貴航實業有限公司"Shenzhen Guihang") from May 2020 to May 2023; (v) a director and general manager of Zhonghang Sanxin Co., Ltd.* (中航三鑫股份有限公司) (currently known as Hainan Development Holdings Nanhai Co., Ltd.* (海控南海發展股份有限公司), "Zhonghang Sanxin," a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002163), from January 2017 to May 2020; (vi) the minister (部長) of automotives and automotives parts department, the deputy chief engineer (副總工程師) and minister (部長) of general planning and management department of Guizhou Aviation from March 2007 to May 2010 and (vii) deputy general manager of Guizhou Guihang Automotive Components Hongyang Seal Co., Ltd.* (貴州貴航汽車零部件股份有限公司紅陽密封件公司) from February 2000 to March 2007, where he was responsible for the R&D and quality control system management. From January 1994 to February 2000, Mr. Wang undertook several roles at Guizhou Hongyang Machinery Group Ltd.* (貴州紅陽機械(集團)公司) (currently known as Guizhou Hongyang Machinery Ltd.* (貴州紅陽機械有限責任公司), with his last position as the deputy general manager.

Mr. Wang obtained his associate degree in science and technology archival management in July 1986, and bachelor's degree in accounting through long distance learning in July 2001 from Zhengzhou University of Aeronautics (鄭州航空工業管理學院) in the PRC. He received his master's degree in project management in November 2004 from Université du Québec à Chicoutimi in Canada through a long-distance learning program which is jointly operated with Guizhou University (貴州大學) in the PRC.

Mr. Wang was granted the special government allowance (政府特殊津貼) by the State Council in January 2015.

Mr. Qingchun SONG (宋慶春), aged 40, has been a Director since December 2019 and was redesignated as a non-executive Director in June 2023. Mr. Song also has been serving as a director of each of Legacy Cirrus Industries (the appointment of which was carried forward to Cirrus Industries as its surviving corporation), Dakota Aircraft and Cirrus Design since December 2019. He is primarily responsible for providing strategic advice in the formulation of business plans and major decisions of the Group.

Mr. Song has been the chairman of the board of directors of Hebei General Aircraft NextGen Flight Vehicle Co., Ltd.* (河北通飛未來飛行器有限公司, formerly known as Zhuhai General Aircraft NextGen Flight Vehicle Co., Ltd.* (珠海通飛未來飛行器有限公司)) since April 2022 and a director and general manager of Zhejiang General Aircraft Brumby Aircraft Manufacturing Co., Ltd.* (浙江通飛野馬飛機製造有限責任公司) since December 2021.

From November 2014 to May 2023, Mr. Song served various director and/or supervisor positions in the following companies: (i) an executive director of CAIGA Hong Kong from December 2019 to May 2023, (ii) a director of Zhonghang Sanxin from April 2017 to June 2020, (iii) a supervisor of Hanzhong Hanhang Electromechanical Co., Ltd.* (漢中漢航機電有限公司) from July 2017 to April 2020, (iv) a director of Guangdong AVIC Special Glass Technology Co. Ltd.* (廣東中航特種玻璃技術有限公司) (currently known as Guangdong Haikong Special Glass Technology Co., Ltd.* (廣東海控特種玻璃技術有限公司)) between November 2014 and December 2019 and its chairman of the board of directors from September 2017 to December 2019, (v) a director of AG Huanan and a director of AVIC General Aircraft Research Institute* (中航通飛研究院有限公司)("AVIC General Aircraft Research Institute") from April 2018 to November 2019, (vi) a director of Hanzhong Aviation Industry (Group) Co., Ltd.* (漢中航空工業(集團)有限公司, "Hanzhong Aviation") from February 2017 to November 2019, (vii) a director of Shenzhen Guihang from February 2015 to November 2019, and (viii) as a director of Guizhou Gaike Aviation Electromechanical Co., Ltd.* (貴州蓋克航空機電有限責任公司) between May 2017 to December 2018.

Mr. Song was the deputy manager of AVIC General Aircraft Research Institute from October 2020 to April 2022. From January 2011 to October 2020, he served several roles at CAIGA, including the deputy minister (部長) of business management department, deputy minister (部長) of strategy and capital department, minister (部長) of enterprise operation and management innovation department, minister (部長) of comprehensive management department, a deputy office director (副主任) of Tonghang R&D center (通航研發中心). From July 2010 to January 2011, Mr. Song was the deputy minister of manufacturing department of Zhonghang Electronic Measuring Instruments Co., Ltd (中航電測儀器股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 300114). He worked at Hanzhong Aviation between July 2004 to July 2010.

Mr. Song obtained his bachelor's degree in aircraft design and engineering (aerospace) and his master's degree in project management from Beihang University (北京航空航天大學) in the PRC in July 2004 and June 2017, respectively. Mr. Song received the Certificate for the Training of Senior Management of Listed Companies (上市公司高級管理人員培訓證書) from Shenzhen Supervision Bureau of the CSRC (中國證監會深圳監管局) in January 2018.

Mr. Liang LIU (劉亮), aged 39, has been a Director since April 2021 and was re-designated as a non-executive Director of our Company in June 2023. He has also been serving as a director of each of Legacy Cirrus Industries (the appointment of which was carried forward to Cirrus Industries as its surviving corporation), Dakota Aircraft and Cirrus Design since October 2020. He is primarily responsible for providing strategic advice in the formulation of business plans and major decisions of the Group.

Mr. Liu joined CAIGA in October 2013, in which he has served as deputy minister (副部長) of financial management department, with his current position as the minister (部長) of financial operation department. Mr. Liu has been serving as an executive director of CAIGA Hong Kong since May 2023. From November 2018 to July 2023, Mr. Liu was a director of AVIC Heavy Machinery. From June 2019 to July 2023, Mr. Liu served as a director of AG Huanan. From September 2009 to October 2013, Mr. Liu served as the finance supervisor of Shenzhen CK Telecom Limited* (深圳市西可德信通信技術設備有限公司). He was the finance supervisor of Beijing Taide Times Investment Management Co., Ltd.* (北京泰德時代投資管理有限公司) from July 2006 to September 2009.

Mr. Liu obtained his bachelor's degree in financial management from Hubei Minzu University (湖北民族大學) in the PRC in July 2006. He also obtained the qualification of intermediate accountant (中級會計師) from the Ministry of Human Resources and Social Security of the PRC （中華人民共和國人力資源和社會保障部) and the Ministry of Finance of the PRC (中華人民共和國財政部) in September 2018.

Mr. Yihui LI (李屹暉), aged 57, has been a Director since January 2023 and was re-designated as a non-executive Director in June 2023. Mr. Li also has been serving as a director of each of Cirrus Industries, Dakota Aircraft and Cirrus Design since January 2023. He is primarily responsible for providing strategic advice in the formulation of business plans and major decisions of the Group.

Mr. Li has been serving as (i) the minister (部長) of aviation products development department of CAIGA since August 2023, (ii) the chairman of the board of directors of Zhejiang General Aircraft Brumby Aircraft Manufacturing Co., Ltd.* (浙江通飛野馬飛機製造有限責任公司) since December 2020, (iii) a director of both Cessna-AVIC Aircraft (Zhuhai) Co., Ltd.* (珠海中航賽斯納飛機有限公司) and Cessna-AVIC Aircraft (Shijiazhuang) Co., Ltd.* (石家莊中航賽斯納飛機有限公司) since April 2019 and (iv) a director of Harbin Tongfei Aviation Technology Development Co. Ltd.* (哈爾濱通用飛機工業有限責任公司) since November 2018. Mr. Li was a deputy administrator (副院長) of AVIC General Aircraft Research Institute from October 2019 to August 2023, an executive director of AG Zhejiang from March 2018 to May 2019, and the minister of aviation project department of CAIGA from September 2009 to October 2019. From April 2000 to September 2009 and September 1993 to September 1997, respectively, he served as a deputy director (副處長) and general officer (主管) of AVIC.

Mr. Li obtained his master's degree in aerospace science and technology from Beihang University in the PRC in March 2000.

Mr. Zean Hoffmeister Vang NIELSEN, aged 46, is our chief executive officer, primarily responsible for the Group's daily management operations, the full profit and loss, driving the Group's development and success, leading the implementation of the strategic plan and business strategy, and overseeing overall business activities of the Group.

He has been a Director since April 2021 and was re-designated as an executive Director of the Company in June 2023. Since June 2019, Mr. Nielsen has been a director of each of Legacy Cirrus Industries (the appointment of which was carried forward to Cirrus Industries as its surviving corporation), Dakota Aircraft and Cirrus Design. Apart from his responsibilities in the Group, he has been a board member of GAMA since 2019.

Prior to joining the Group, from August 2017 to December 2018, Mr. Nielsen was the executive vice president, North America Sales of James Hardie Industries plc., a leading industrial building materials provider whose shares are dually listed on the Australian Securities Exchange (stock code: JHX) and the New York Stock Exchange (stock code: JHX), where he was mainly responsible for the overall management of sales in the North American region, which represented approximately 80% of its total global revenue in 2017. From February 2014 to August 2017, Mr. Nielsen served as the vice president of global sales operations division of Tesla Motors, Inc.

(currently known as Tesla, Inc.), a leading electric vehicles, solar energy generation systems and energy storage products manufacturer listed on the NASDAQ (stock code: TSLA), where he was responsible for management of global sales operations.

Mr. Nielsen joined Bang & Olufsen, a luxury consumer electronics products designer and manufacturer whose shares are listed on Nasdaq Copenhagen (stock code: BO), in Struer, Denmark, in August 1997 in the International Distribution Development Division. He was relocated to Bang & Olufsen America LLC ("**BOA**") in Illinois, the U.S. in August 1999 until he left BOA in March 2014. During his tenure at BOA, he served various positions including a director of retail, sales and marketing, with his last position as the president where he was mainly responsible for the general management of the North and South American markets.

Mr. Nielsen graduated from Herning School of Business in Denmark with a business degree in April 1997. Mr. Nielsen completed the Finance Module for Senior Executives program provided by the University of Chicago Booth School of Business in March 2019.

Mr. Ian H CHANG (張仁嫻), aged 69, has been appointed as an independent non-executive Director in June 2023, with his appointment taking effect upon **[REDACTED]**. He is responsible for supervising and providing independent advice on the operation and management of our Group.

Since June 2022, Mr. Chang has been serving as an independent non-executive director of FACC AG, a leading company in designing, developing and manufacturing advanced aircraft components and systems whose shares are listed on the Vienna Stock Exchange (stock code: FACC), where he serves as a member of the strategy committee and the audit committee. Mr. Chang has also been serving as a director of Xizi Clean Energy Equipment Manufacturing Co., Ltd.* (西子清潔能源裝備製造股份有限公司), a leading waste heat recovery boilers manufacturer in China whose shares are listed on the Shenzhen Stock Exchange (stock code: 002534), since April 2023.

Mr. Chang has been a visiting professor at the Civil Aviation University of China (中國民航大學).

Mr. Chang worked at various entities of The Boeing Company, a leading aerospace company that develops, manufactures and services commercial airplanes, defense products and space systems whose shares are listed on the New York Stock Exchange (stock code: BA), from September 1984 until his retirement in October 2020, with his last position as the vice president of Boeing Commercial Airplanes where he was primarily responsible for the company's supplier management, operations and business development in China. His other previous positions within The Boeing Company group include (i) the chairman of the board of directors and the general manager of Boeing Tianjin Composites Co., Ltd.* (天津波音複合材料有限責任公司), (ii) a

director of Commercial Avionics Systems, a company which designs and manufactures commercial electronics for The Boeing Company, (iii) the chairman of the board of directors of Aerospace Composites Malaysia, (iv) a supervisor of Boeing Shanghai Aviation Services* (上海波音航空改裝維修工程有限公司) and (v) a director of Boeing (Zhoushan) Delivery Center Limited Company* (舟山波音交付中心有限公司), respectively.

Mr. Chang obtained his bachelor's degree in chemical engineering from University of Washington in the U.S. in June 1983. He completed the AEP (Advanced Executive Program) from Kellogg School of Management of Northwestern University in the U.S. in July 2006.

Mr. Chung Man Louis LAU (劉仲文), aged 65, has been appointed as an independent non-executive Director in June 2023, with his appointment taking effect upon **[REDACTED]**. He is responsible for supervising and providing independent advice on the operation and management of our Group.

Mr. Lau has extensive experiences serving as director and member of the senior management in companies listed on the Stock Exchange. From May 2005 to June 2021, Mr. Lau served as an executive director and the chief financial officer at Sing Tao News Corporation Limited (星島新聞集團有限公司), a media service provider serving global Chinese communities whose shares are listed on the Stock Exchange (stock code: 1105), where he was primarily responsible for overseeing the finance and overall operations. From August 2006 to June 2018, Mr. Lau served as an independent non-executive director of AviChina Industry & Technology Company Limited* (中國航空科技工業股份有限公司), a company principally engaged in the research, development, manufacture and sales of vehicles and civilian aircraft whose shares are listed on the Stock Exchange (stock code: 2357).

From April 1998 to May 2005, he was an executive director and the chief financial officer of China Everbright Limited (中國光大控股有限公司), a banking, securities and financial company with alternative asset management as its core business whose shares are listed on the Stock Exchange (stock code: 165). From May 1992 to January 1998, he served as the financial controller and company secretary of Goldlion Holdings Limited (金利來集團有限公司), a company mainly engaged in the production, operation and sale of clothing whose share are listed on the Stock Exchange (stock code: 533). From October 1987 to April 1992, he undertook several positions, including financial accountant, treasurer, and manager of financial systems of Tower Limited, an insurance and financial group company whose shares are dually listed on both New Zealand's Exchange (stock code: TWR.NZ) and Australian Stock Exchange (stock code: TWR.AX), where he was primarily responsible for financial-related affairs, and from March 1986 to October 1987, Mr. Lau was an audit senior of the audit department of KPMG Peat Marwick, where he was primarily responsible for audit planning and supervision of various audit assignments.

Mr. Lau obtained his bachelor's degree in commerce and administration from the Victoria University of Wellington in New Zealand in May 1985. He is currently a member of the New Zealand Institute of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Ferheen MAHOMED (*alias:* 馬穎欣), aged 58, has been appointed as an independent non-executive Director in June 2023, with her appointment taking effect upon **[REDACTED]**. She is primarily responsible for supervising and providing independent advice on the operation and management of our Group.

Ms. Mahomed founded C&TM Limited, a company primarily engages in providing consulting services, in December 2020 and has since then been serving as its chief executive officer. She has also been a consultant of MinterEllison LLP since January 2021. From February 2017 to December 2020, she was the group general counsel of the Stock Exchange. From June 2014 to February 2017, she was an executive vice president of Pacific Century Group, a private investment company which is mainly engaged in technology, media and telecommunications, financial services and property industries. From 2010 to 2014, she was the group general counsel of CLSA Limited. From 1997 to 2010, she had served in various positions in the Société Générale Group, a leading bank providing financial services whose shares are listed on the OTC Markets of the U.S. (stock code: SCGLY), including the general counsel of Asia Pacific. From October 1992 to November 1996, she was a practicing solicitor of Slaughter and May, an international law firm.

Ms. Mahomed obtained her bachelor's degree in laws and a postgraduate certificate in laws from University of Hong Kong in November 1987 and June 1988, respectively. She obtained her bachelor of civil law degree from St. John's College of University of Oxford in the United Kingdom in July 1990. She was admitted as a solicitor by the Supreme Court of Hong Kong and Supreme Court of England and Wales in October 1992 and March 1995, respectively.

SENIOR MANAGEMENT

The following table sets out certain information regarding the senior management of our Group.

Name	Age	Date of joining our Group	Date of appointment as a senior management member	Position	Responsibility	Relationship with other Directors and senior management
Mr. Zean Hoffmeister Vang NIELSEN	46	June 2019	June 2019	Chief executive officer	Responsible for the Group's daily management operations, the full profit and loss, driving the Group's development and success, leading the implementation of the strategic plan and business strategy, and overseeing overall business activities of the Group	None
Mr. Patrick Christopher WADDICK	58	May 1988	March 2013	President of innovation and operation	Providing primary corporate influence and direction on all product strategies and plans, idea generation and capture, research and development, new product introduction systems, and operational excellence	None
Mr. William Todd SIMMONS	55	April 2008	July 2015	President of customer experience	Leading and implementing all corporate and customer strategies including sales, marketing, personalization, delivery, service and support, flight training, flight operations and the opening of the Vision Center in Knoxville, Tennessee	None
Mr. George James LETTEN IV	46	July 2021	April 2022	Chief financial officer and executive vice president	Organizing the formulation of financial strategies according to the Company's development strategies, establishing sound financial accounting and internal control system, formulating annual operating budgets, and responsible for the Company's risk management	None

For biographical details of Mr. Zean Hoffmeister Vang NIELSEN, see "— Board of Directors."

Mr. Patrick Christopher WADDICK, aged 58, is our president of innovation and operations, primarily responsible for providing primary corporate influence and direction on all product strategies and plans, idea generation and capture, research and development, new product introduction systems, and operational excellence.

He joined our Group in May 1988 and has undertaken several senior roles, including the executive vice president of operations department and chief operating officer consecutively, and has been serving as the president of innovation and operations since July 2015.

Mr. Waddick obtained his bachelor of science degree in engineering mechanics from the school of engineering in University of Wisconsin in the U.S. in May 1989. He obtained his master's in business administration from Northwestern University Kellogg School of Management in the U.S. in June 2017.

He was awarded the Hap Arnold Award for Excellence in Program Management from the American Institute of Aeronautics and Astronautics (AIAA) in September 2004. He is currently serving on the board of advisors for STARBASE Minnesota, a youth science, technology, engineering and mathematics program organization, and also as a board of trustee member and secretary for the United States National Aviation Hall of Fame. He is currently a member of the Aircraft Owners and Pilots Association and the Experimental Aircraft Association, as well as a licensed instrument-rated private pilot with a Vision Type Rating by the Federal Aviation Administration.

Mr. William Todd SIMMONS, aged 55, is our president of customer experience, primarily responsible for leading and implementing all corporate and customer strategies including sales, marketing, personalization, delivery, service and support, flight training, flight operations and the opening of the Vision Center in Knoxville, Tennessee.

Mr. Simmons joined our Group as the vice president of marketing in early 2008. He has undertaken various roles in our Group since then until his promotion to his current position, including the executive vice president of sales, marketing and customer support, as well as the executive vice president of sales and marketing.

Mr. Simmons has more than 25 years of business leadership experience, undertaking various positions in marketing development, international marketing communications, revenue management and sales team leadership. Between April 2005 and March 2008, Mr. Simmons worked at CubCrafters, a global aviation brand and lean manufacturer of leading-edge light utility and sport airplanes, with his last position as the president and chief executive officer, where he was responsible for all aspects of the company. Mr. Simmons founded The Mission Chair, Ltd., the custom architectural furniture design gallery, in Atlanta in the U.S. in September 1997 and served as its director until May 2008. From 1995 to 1998, he served as a manager at Delta Air Lines, one of the major airlines of the U.S. whose shares are listed on the New York Stock Exchange (stock code: DAL).

Mr. Simmons obtained his bachelor's degree in industrial and systems engineering from Georgia Institute of Technology in the U.S. in June 1991. He obtained his master's degree in business administration from the Booth School of Business at the University of Chicago in June 1995. Mr. Simmons is currently a member of the Young Presidents Organization and serves as a board member of the Recreational Aviation Foundation, the Aerospace & Defense Advisory Board and the advisory council of National Business Aviation Association.

Mr. George James LETTEN IV, aged 46, is our chief financial officer and executive vice president, primarily responsible for organizing the formulation of financial strategies according to the Company's development strategies, establishing sound financial accounting and internal control system, formulating annual operating budgets, and responsible for the Company's risk management.

Mr. Letten joined the Group in July 2021 as our vice president of finance and was promoted to his current position in April 2022.

Prior to joining the Group, Mr. Letten has spent more than ten years at Navistar International Corporation ("**Navistar**") from May 2010 to August 2020, a company principally engages in the manufacturing and sales of commercial trucks, diesel engines, school and commercial buses, and service parts for trucks and diesel engines worldwide. During his tenure at Navistar, he has undertaken senior leadership roles, including the position of vice president of strategy and planning, where he was responsible for commercial vehicle space related matters.

Mr. Letten obtained his bachelor of arts degree in accounting from St. Norbert College in the U.S. in May 1999. He was admitted as a Certified Public Accountant in Illinois in the U.S. in January 2007.

JOINT COMPANY SECRETARIES

Mr. Wei PI (皮巍), aged 40, has been appointed as one of our joint company secretaries since June 2023. He is primarily responsible for investor relations maintenance, daily operation of the office of the Board of Directors and the company secretarial matters of the Group.

Mr. Pi joined our Group in June 2023. He served as the finance director and deputy general manager of AVIC General Fuel Co., Ltd.* (中航通用油料有限公司) from December 2020 to May 2021 and May 2021 to May 2023, respectively. From January 2014 to December 2020, he worked at CAIGA with his last position as the manager of shared service center.

Mr. Pi was a capital manager of finance department of Zhuhai Hongta Renheng packaging Limited by Share Ltd.* (珠海紅塔仁恆紙業有限公司) from March 2011 to January 2014. From August 2006 to November 2010, he worked at Zhuhai Zhongfu Enterprise Co., Ltd.* (珠海中富實業股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000659), with his last position as the head of the finance department.

Mr. Pi obtained his bachelor's degree in finance in June 2006 from Lanzhou University of Finance and Economics (蘭州財經大學) (formerly known as Lanzhou Commercial College (蘭州商學院)) in the PRC. He was accredited as an intermediate accountant (中級會計師) by Guangdong Bureau of Human Resources and Social Security (廣東省人力資源和社會保障廳) in October 2013.

Ms. Hoi Ting WONG (黃凱婷), has been appointed as one of our joint company secretaries since June 2023.

Ms. Wong is an assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. She has approximately 10 years of experience in the corporate secretarial field. Ms. Wong is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Wong holds a bachelor degree in social sciences from Lingnan University in Hong Kong in October 2009 and a master of science degree in professional accounting and corporate governance from City University of Hong Kong in Hong Kong in July 2014.

BOARD COMMITTEES

Our Company has established three committees under the Board of Directors, namely the Audit, Risk Control and Compliance Committee, the Remuneration Committee and the Nomination Committee.

Audit, Risk Control and Compliance Committee

The Audit, Risk Control and Compliance Committee consists of three Directors, namely Mr. Liang LIU (劉亮), Mr. Chung Man Louis LAU (劉仲文) and Ms. Ferheen MAHOMED (*alias:* 馬穎欣) with Mr. Chung Man Louis LAU, who has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules, currently serving as the chairman. The Audit, Risk Control and Compliance Committee is mainly responsible for reviewing and overseeing the financial reporting procedure and internal control system of our Group.

Remuneration Committee

The Remuneration Committee consists of five Directors, namely Mr. Liang LIU (劉亮), Mr. Qingchun SONG (宋慶春), Mr. Ian H CHANG (張仁嫻), Mr. Chung Man Louis LAU (劉仲文) and Ms. Ferheen MAHOMED (*alias:* 馬穎欣), with Mr. Chang currently serving as the chairman. The Remuneration Committee is mainly responsible for evaluating the remuneration polices for Directors and senior management of our Group and making recommendations thereon to the Board of Directors.

Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. Lei YANG (楊雷), Mr. Ian H CHANG (張仁嫻) and Mr. Chung Man Louis LAU (劉仲文), with Mr. Yang currently serving as the chairman. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board of Directors qualified candidates to serve as the Directors and monitoring the procedures for evaluating the performance of our Board of Directors.

BOARD DIVERSITY POLICY

The Board of Directors has adopted a board diversity policy (the "Board Diversity Policy") in order to enhance the effectiveness of our Board of Directors and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board of Directors, including but not limited to gender, age, cultural and educational

background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board of Directors.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, aircraft design, finance and legal knowledge. They obtained degrees in diversified majors including finance, aircraft design, law, chemical engineering and aerospace science and technology. The Board of Directors is of the view that our Board of Directors satisfies the Board Diversity Policy. In addition, our Board of Directors has a wide range of age, ranging from 39 years old to 69 years old. One of our Directors is female. While we recognize that the gender diversity at our Board of Directors level can be improved given the majority of our Directors are male, we will continue to apply the appointment criteria based on competence and with reference to the overall diversity policy. Our Board of Directors will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.

Upon **[REDACTED]**, we expect to maintain our current gender ratio at the Board of Directors level going forward. To further ensure gender diversity of our Board of Directors in the long run, [we have adopted] the following measures:

- at the Board of Directors level, to achieve gender diversity, our Nomination Committee will identify individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of candidates who possess qualities to become members of our Board of Directors, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors;

- our Nomination Committee will continue to regularly assess the composition of our Board of Directors taking into account the skills and knowledge required for our business operations, while striving to promote gender diversity to encourage creativity and innovation, promote the development of corporate governance and allow collaboration of skills and contribution from Directors with diverse background; and

- at the senior management and all other levels of our Group, we will provide career development opportunities for female staff, make available to them long-term development opportunities, knowledge and skills training in support of succession planning and ensure future gender diversity can be achieved on the Board of Directors.

The Nomination Committee is responsible for reviewing the diversity of the Board of Directors. After **[REDACTED]**, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

INTEREST OF DIRECTORS AND SENIOR MANAGEMENT

Except as disclosed in this section, each of the Directors and senior management (1) had no other relationship with any of the Directors and senior management as of the Latest Practicable Date; and (2) did not hold any other directorship's position in listed companies in the three years prior to the Latest Practicable Date. To the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. For the Directors' interests in the Shares within the meaning of Part XV of the SFO, see "Appendix VI — Statutory and General Information" to this Document.

None of the Directors is interested in any business, apart from our business, which competes or is likely to compete, either directly or indirectly, with our business under Rule 8.10(2) of the Listing Rules.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation and remuneration of our Directors and members of the senior management of our Company are determined by the Shareholders' meetings and our Board of Directors as appropriate in the form of salaries and bonuses. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders' meetings and the Board of Directors take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration.

Our Company offers executive Directors and senior management members, compensation in the form of salaries and bonuses. Our non-executive Directors do not receive any fees, salaries, allowances, discretionary bonus, pension schemes contribution or other benefits in kind. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to our Directors for the three years ended December 31, 2021, 2022 and 2023, were approximately US$4.2 million, US$3.3 million and US$3.9 million, respectively.

The five highest paid individuals of our Group for each of the years ended December 31, 2021, 2022 and 2023, included one Director, whose remuneration is included in the aggregate amounts of remuneration paid to the relevant Directors as set out above. For each of the years ended December 31, 2021, 2022 and 2023, the aggregate amounts of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to the remaining four individuals were approximately US$5.6 million, US$4.7 million and US$5.6 million, respectively. Further details on the remuneration of the five highest paid individuals during the Track Record Period are set out in the Accountant's Report in Appendix I to this Document.

It is estimated that remuneration and benefits in kind equivalent to approximately US$6.8 million in aggregate will be paid to our Directors by us for the year ending December 31, 2024, based on the arrangements in force as of the date of this Document.

No remuneration was paid by our Company to our Directors or the five highest paid individuals as inducement to join or upon joining our Company during the Track Record Period. No compensation was paid to, or receivable by, our Directors or past directors for the Track

Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

MANAGEMENT INCENTIVE PLAN

Pursuant to a management incentive plan (the "Management Incentive Plan") adopted by the board of Cirrus Industries (which is the holding company for all of our operating subsidiaries), a special cash bonus (the "Special Cash Bonus") in an aggregate amount no less than 0.5% of the **[REDACTED]** of the Company immediately upon **[REDACTED]**, will be paid to our key employees in recognition of the value they have helped to create prior to the **[REDACTED]**. Based on the size of the **[REDACTED]** as disclosed in this Document, the estimated aggregate amount of the Special Cash Bonus under the Management Incentive Plan is no less than US$**[REDACTED]** (equivalent to HK$**[REDACTED]**, based on the low-end of our indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) or no less than US$**[REDACTED]** (equivalent to HK$**[REDACTED]**, based on the high-end of our indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised). The Special Cash Bonus will be paid after the **[REDACTED]**.

The chief executive officer will submit and the board of Cirrus Industries will approve specific terms and conditions concerning the Special Cash Bonus at an opportune timing, including but not limited to the scope of key employees, eligibility criteria and payment schedule. The terms and conditions of the Special Cash Bonus will be determined in the interests of our Company and our Shareholders as a whole after taking into account the overall cash flow of our Company to ensure that it could maintain a positive cash flow after the use of working capital and investment of fixed assets. 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.

Apart from base salaries and short-term incentive (STI)/long-term incentive (LTI) bonuses, we will consider offering select key employees formal market competitive equity incentive/retention plans after the **[REDACTED]** to align our interest with theirs in the future, subject to compliance with the applicable laws and regulations. The plans will bring adjustments that are supplementary to what is in place today to drive near-term performance, and may consist of part cash/equity/stock options. The plans under contemplation are being designed. However as of the Latest Practicable Date, no equity incentive plan had been formulated nor implemented.

COMPLIANCE ADVISOR

Our Company appointed Altus Capital Limited as the compliance advisor pursuant to Rules 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company in certain circumstances including:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this Document or where our business activities, development or results deviate from any forecast, estimate, or other information in this Document; and
- where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the compliance advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The compliance advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The terms of the appointment of the compliance advisor will commence on the **[REDACTED]** and end on the date when our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Share Subdivision and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the following persons will have, or be deemed, or taken to have an interest and/or short position in the Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholder	Nature of interest	Number	Approximate percentage in the total issued share capital	Number	Approximate percentage in the total issued share capital
CAIGA Hong Kong[(1)] . . .	Beneficial owner	155,481,659	100%	**[REDACTED]**	**[REDACTED]**%
CAIGA[(1)]	Interest in controlled corporation	155,481,659	100%	**[REDACTED]**	**[REDACTED]**%
AVIC[(1)]	Interest in controlled corporations	155,481,659	100%	**[REDACTED]**	**[REDACTED]**%

Note:

(1) CAIGA Hong Kong is wholly-owned by CAIGA, which is in turn owned by AVIC as to 70%. Under the SFO, each of CAIGA and AVIC is deemed to be interested in the **[REDACTED]** Shares held by CAIGA Hong Kong.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Share Subdivision and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized shares and shares of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Share Subdivision and the **[REDACTED]**:

	Nominal value
	(US$)
Authorized share capital as of the date of this Document	
250,000,000 ordinary shares of US$1.00 each	250,000,000
Issued share capital as of the date of this Document	
155,481,659 ordinary shares of US$1.00 each	155,481,659
Authorized share capital immediately after the Share Subdivision and before the [REDACTED]	
[500,000,000] ordinary shares of US$[0.50] each	[250,000,000]
Issued share capital immediately after the Share Subdivision and before the [REDACTED]	
[310,963,318] ordinary shares of US$[0.50] each	[155,481,659]
Shares to be issued under the [REDACTED] assuming the [REDACTED] is not exercised	
[REDACTED] ordinary shares of US$[0.50] each	**[REDACTED]**
Issued share capital immediately after the Share Subdivision and the [REDACTED] assuming the [REDACTED] is not exercised	
[REDACTED] ordinary shares of US$[0.50] each	**[REDACTED]**

ASSUMPTIONS

The above table assumes that the **[REDACTED]** becomes unconditional and the Shares are issued pursuant to the **[REDACTED]**. The above does not take into account any Shares which (i) may be **[REDACTED]** and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**; or (ii) may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors as described below.

RANKING

The **[REDACTED]** are ordinary shares in our share capital and rank equally with all Ordinary Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this Document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which the Shareholders' general meeting and class Shareholders' meeting are required, please refer to "Variation of Rights of Existing Shares or Classes of Shares" and "Annual General Meetings and Extraordinary General Meetings" under "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Law" to this Document.

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the three financial years ended December 31, 2021, 2022 and 2023 included in the Accountant's Report set out in Appendix I to this Document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**").*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this Document.

OVERVIEW

We are a pioneer and a global market leader in the personal aviation industry, according to Frost & Sullivan. We design, develop, manufacture, and sell premium aircraft recognized across the industry, which incorporate innovations in safety, technology, connectivity, performance, and comfort. 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 GAMA. 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 jet under US$7.0 million for the last six consecutive years, according to GAMA. We aim to cultivate a distinctive "The Cirrus Life" experience for our customers to make owning and operating an aircraft more convenient to access and productive for everyone through our products and the wide-ranging services associated with them, which includes maintenance, upgrades, training, and Cirrus-branded social events.

By leveraging our market leadership, continuous product innovation, and expanding ecosystem, 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%. For the year ended December 31, 2023, we recorded adjusted profit for the year (non-IFRS measure) of US$101.4 million. For the year ended December 31, 2023, we achieved a return on

equity and adjusted EBITDA margin (non-IFRS measure) of 21.1% and 15.2%, respectively. As of December 31, 2023, our gearing ratio was 0.1. As of the Latest Practicable Date, we had a backlog of 1,383 aircraft.

BASIS OF PREPARATION

Our consolidated historical financial information has been prepared in accordance with IFRS, as issued by the IASB. The consolidated historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are stated at fair value. The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the historical financial information, are disclosed in Note 4 to the Accountant's Report included in Appendix I to this Document. All relevant standards, amendments to the existing standards and interpretations that are effective during the Track Record Period have been adopted by our Group consistently throughout the Track Record Period.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition have been, and are expected to continue to be, affected by the following key factors:

Market Acceptance and Growth of the Global Personal Aviation Industry

The overall growth of the personal aviation industry significantly impacts our revenue growth. 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. Global personal aircraft deliveries increased from 1,927 units in 2021 to 2,215 units in 2023. In addition, an increase in the number of qualified pilots has expanded the personal aviation market. According to Frost & Sullivan, the number of licensed pilots in the United States reached approximately 757,000 in 2022. This has contributed to a certain extent to favorably changing the traditional customer perception and significantly increased the market desire for personal aircraft, further stimulating industry growth.

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 at the beginning of the Track Record Period. During the post-pandemic stage, supported by the increasing availability and accessibility of airport infrastructure, evolving technology, and favorable government policies, personal aviation has become an increasingly attractive option for HNWI. See "Industry Overview."

We operate in a high-end premium personal aviation market where the price and demand of the aircraft reflect the value of our brand. Our customers are highly engaged in the purchase process and are very loyal to their chosen brand, often willing to pay a premium for their personal aircraft. According to Frost & Sullivan, personal aviation industry tends to be associated with a higher gross margin compared to commercial and business jets, as consumers are less price-sensitive and rather values advanced product features and value-adding services. Our premium brand is widely acknowledged in the personal aviation industry for the outstanding performance, innovative designs and numerous safety features of our aircraft. During the Track Record Period, we were able to generate a higher gross profit margin due to our increased delivery volume, favorable product mix consisting of higher margin aircraft and our ability for continuous price increases as new features and innovation are rolled out.

As a market leader in the personal aviation industry, according to Frost & Sullivan, with a demonstrated capability of bringing advanced, certified aircraft to market, we are well positioned to capitalize on this growth.

Our Ability to Expand Our Ecosystem and Broaden our Product and Service Portfolio

To support ownership of our aircraft, we have established a wide-ranging global ownership ecosystem to make owning and operating an aircraft, convenient to access, productive and enjoyable. Our direct-to-customer model is enabled by our global ecosystem called Cirrus Services, where we ensure a close connection with our prospective and current customers in every aspect of aircraft ownership. Our ecosystem is supported by our direct service centers and global authorized partner network, and by our training network that is convenient to access for all levels of experience facilitated through our factory training facilities, authorized training facilities and digital training offerings. See "Business — Our Ecosystem." This enables us to build brand loyalty, attract new pilots, progress customers through our product portfolio and capitalize on opportunities related to all facets of aircraft ownership.

For our aircraft, we have been continuously introducing new features and options as well as generational changes which are broadening our product and service portfolio. As part of our intentional, wide-ranging product offering strategy, our SR2X Series provides a product "ladder" with increasing levels of performance and capabilities addressing different customer needs and preferences for a single-engine piston aircraft at different price points and providing a stepping-stone to our Vision Jet. During the Track Record Period, we developed and launched

several new features and broadened our product and service offerings including the introduction of our Cirrus IQ, new propeller options, improvements to the exterior of our aircraft allowing for faster flight, and new aesthetics on the SR2X Series, as well as the seventh generation of aircraft which brought jet like avionics to the piston market. In addition, we launched our second generation of the Vision Jet and introduced subsequent enhancements including improved engine performance, the availability of Wi-Fi and Cirrus IQ.

Expansion of Production Capacity and Improvement of Production Efficiency

We are focused on optimizing our existing production facilities to increase the production and deliveries of our product portfolio. During the Track Record Period, we strategically made investments to improve our production efficiency, including adding certain facilities and the continued roll-out of our Cirrus Operating System across our production facilities. For example, we significantly expanded our paint center in Duluth, Minnesota and acquired an additional paint center in Benton Harbor, Michigan. There are further opportunities to increase utilization of our existing facilities by automating current work processes, improving production efficiency by optimizing our workflows, and addressing labor constraints. We believe that our ability to continuously increase the number of aircraft we are able to deliver directly impacts our revenue-generating capability and affects our results of operations and financial condition. See "Business — Production — Production Process and Facilities — Production Facilities" for more information.

Our Ability to Attract Orders

Our orders and backlog, as well as our ability to convert our order intake and backlog into revenue, have impacted and will continue to impact the growth of our revenue. As of the Latest Practicable Date, we had a backlog of 1,383 aircraft. Our ecosystem and direct-to-customer model have been integral to cultivating a lifestyle associated with ownership of our aircraft, which contributes to our progression through our product portfolio and referrals. During the Track Record Period, approximately 200, or 75%, of our Vision Jet deliveries were made to owners who had already owned a Cirrus aircraft. We believe our unparalleled advantage in product attractiveness and the wide-ranging services we provide will continue to contribute to our growth in new customers and orders in addition to our ability to service existing customers within our ecosystem to grow repeat purchases and referrals.

Our Ability to Increase Profitability by Controlling Costs and Providing Increased Value

Our overall profitability is affected by our product and service mix. We benefit from increased manufacturing efficiency and productivity as our products continue to mature and we further enable the Cirrus Operating System. In addition, we have introduced many features which drive increased value for our customers and improve our profit margins. Additionally, as our services business is continuing to mature, we strive to further improve our margin performance.

We continue to make enhancements to our existing processes to improve efficiency and increase overall production rates, including through the introduction of our proprietary Cirrus Operating System which improves our workflows. See "Business — Production — Cirrus Operating System."

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

We prepare our consolidated financial information in accordance with IFRS. The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

The preparation of our consolidated financial information in conformity with IFRS also requires the use of certain critical accounting estimates and judgments listed below, which involve a higher degree of judgment or complexity. It also requires us to exercise judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the historical financial information are disclosed in Note 4 to the Accountant's Report in Appendix I to this Document.

We consider the policies and estimates discussed below to be critical to an understanding of our consolidated financial information. For details of our material accounting policy information, see Note 2 to the Accountant's Report in Appendix I to this Document.

Material Accounting Policy Information

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of our activities. Revenue is shown net of value-added tax, returns and discounts and after eliminating sales within the Company.

We generate revenue from contracts with customers by selling aircraft and providing services within our core business. A substantial portion of our revenues is related to the sale of our two types of aircraft, the SR2X Series piston aircraft and the Vision Jet. Transaction sale prices are allocated to performance obligations on a proportional basis of the standalone selling prices of the related performance obligations.

The standalone sale price is measured as the price at which an entity would sell a promised good or service separately to the customer. We assess these standalone selling prices at least on an annual basis and adjust accordingly to keep prices competitive in the current market. Any discounts given are allocated to the deliverables on the same basis as above and recognized to revenue over the life of the applicable performance obligations.

Revenue is recognized upon customer acceptance and delivery of the aircraft. Revenue from the sale of our aircraft is measured as the fair value of the consideration received or receivable, net of discounts. The aircraft sale price, net of deposits received and any notes receivables, must be paid on or before the date the aircraft is delivered. The deposit is recognized as a liability until the aircraft is delivered.

Revenue from Cirrus Services and Other includes but is not limited to sales of after market parts, service sales, warranty sales, training sales and revenue from a related party. See "Connected Transactions" for more information. Parts can be purchased through the website (Cirrus Direct) or at participating company-owned service centers or authorized service centers. Risk of loss is transferred to the customer upon shipment and/or receipt at a participating location. Revenue from service sales and training sales is recognized when the relevant services or trainings are provided. Revenue from warranty sales and maintenance is discussed below. Revenue is measured at fair value of the consideration received, net of returns and allowances, trade discounts and volume rebates.

Revenue from a related party primarily for a one-off development project was recognized as services were rendered. This is determined based on the actual costs spent relative to the total expected costs. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

We provide normal warranty provisions for general repairs for two to three years on the aircraft sold. A warranty liability is recognized at the time the product is sold.

We currently accept the risk of three year and up to five-year warranties as extended warranties. To alleviate the associated risks, the suppliers of avionics and engines offer extended warranties to cover years three through five for our purchases. Revenue from the sale of extended warranty contracts is deferred and amortized over the term into income on a straight-line basis in the year the warranty contract becomes applicable and is included in Cirrus Services and Other. Any receipts from sales of extended warranties are recognized as deferred revenue and recognized as revenue on a straight-line basis during years three to five of the warranty period, based on the length of the warranty period purchased. Related costs are expensed as incurred, including any extended warranty purchased from suppliers.

Under the express limited warranty, we warrant that the aircraft airframe will be free of material and workmanship defects under normal use and service for a period of 24 months or 1,000 flight hours (whichever occurs first) for the Vision Jet and a period of 36 months or 1,000 flight hours (whichever occurs first) for the SR2X Series, respectively. The express limited warranty is not sold separately and therefore does not provide an additional service to the customer.

Revenue from the sale of maintenance coverage contracts is deferred and amortized into Cirrus Services and Other on a point-in-time basis as each maintenance event occurs over the contract period.

Accrued Warranty Costs

We estimate the accrual for warranty costs based upon historical warranty experience and recognize this cost at the time of sale. Suppliers of avionics and engines provide standard two-year warranties to the company and customer. We also recognize the estimated expenses and related liabilities of service bulletins issued during the reporting periods. Factors that affect our warranty liability include the number of units, historical and anticipated rates of warranty claims, and cost per claim. We periodically assesses the adequacy of our warranty liabilities and adjust the amounts as necessary.

Property, Plant and Equipment

Property, plant and equipment are recognized as costs, net of accumulated depreciation and impairment losses, if any, including any replacement and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, we depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in profit or loss as incurred. Depreciation on plant and equipment is calculated on a straight-line method over the estimated useful lives of the assets, as follows:

Asset	Useful Life
Buildings	Shorter of lease terms or 15–40 years
Machinery and equipment	3–10 years
Office equipment	3–10 years
Aircraft and vehicles	5–10 years

An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other income in the consolidated statements of profit or loss when the asset is derecognized.

Plant and equipment as right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

The residual values, useful lives and methods of depreciation of property, plant, and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction-in-progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the cost of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

Goodwill and intangible assets with indefinite useful life

Goodwill is measured as the excess of the purchase price over the estimated fair value of net assets of acquired businesses. In accordance with IFRS, goodwill is not amortized. We assess whether there has been an impairment of goodwill and intangible assets with indefinite useful life annually and whenever an event occurs, or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill and intangible assets with indefinite useful life is done at each of the cash generating units or groups of cash generating units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at not higher than operating segment level. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. An impairment loss is recognized when the carrying amount of the cash generating unit's net assets exceeds the recoverable amount of the cash generating unit. The test for impairment requires us to make several estimates about the recoverable amount, most of which are based on projected future cash flows. Any impairment is recognized immediately as an expense. The results of the annual impairment test are discussed in Note 14 to the Accountant's Report in Appendix I to this Document.

Intangible Assets

Trademark acquired in a business combination is recognized at fair value at the acquisition date. The trademark has an indefinite useful life, as there is no foreseeable limit to the period over which the trademark is expected to generate net cash inflows for our Group, and carried at cost less accumulated impairment losses. Impairment assessment is undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

Contractual customer relationship acquired in a business combination is recognized at fair value at the acquisition date. The contractual customer relationship has a finite useful life and is subsequently carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship of seven years, which is the estimated period that these relationships will bring economic benefit.

Aircraft type certificates represents the certificates and development efforts for the aircraft and is acquired in a business combination is recognized at fair value at the acquisition date. The aircraft type certificates has a finite useful life and is subsequently carried at cost less accumulated amortization. We select units of production method for amortizing the aircraft type certificates. The total units selected for amortization is based on production estimates not to exceed 25 years.

In terms of internally developed intangible assets, we incur significant costs and effort on research and development activities, such as expenditures on prototypes and testing. Research expenditures are charged to the consolidated statements of profit or loss as an expense in the period the expenditure is incurred. Development costs are recognized as assets if they can be clearly assigned to a newly developed product or process and all of the following recognition criteria can be demonstrated:

- The technical feasibility to complete the development project is achieved so that it will be available for use or sale;
- The intention to complete the development project to use it;
- The ability to use the output of the development project;
- The manner-in-which the development project will generate probable future economic benefits for the Company;
- The availability of adequate technical, financial and other resources to complete the development project and use or sell the intangible asset; and
- The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use or sale. The costs capitalized in connection with the intangible asset includes costs of materials and services used or consumed and employee costs incurred in the creation of the asset. Development expenditures not satisfying the above recognition criteria are recognized in the consolidated statements of profit or loss as incurred. Capitalized development costs are amortized using a units-delivered method over the expected total unit of production of the related production program or useful life if the life is deemed to be finite. The expected total unit of production can vary depending on whether the programs are for the initial type certificate of an aircraft or are for internally developed intangible assets to an existing aircraft. Internally generated intangible assets are amortized based on production estimates ranging between 3 to 10 years.

Capitalized development costs are amortized using a units-delivered method over the expected total unit of production of the related production program. The expected total unit of production can vary depending on if the programs are for the initial type certificate of an aircraft or are for intangible assets generated internally to an existing aircraft.

Inventories

Inventories are stated as the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: standard cost
- Pre-flown aircraft and merchandise: purchase cost on a first-in, first-out basis
- Finished goods and work in process: cost of direct materials and labor and a portion of manufacturing overhead based on normal operating capacity but excluding borrowing costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is written down to their estimated realizable value when their cost may no longer be recoverable, such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The realizable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date, and inherently involves estimates regarding the future expected realizable value. In general, such an evaluation process requires significant judgment and may materially affect the carrying amount of inventories at the reporting date.

Provisions for excess and obsolete inventories are made through an examination of historical component consumption, current market demands and shifting production demands. Significant assumptions with respect to market trends, customer product acceptance and service warranty demands are utilized to formulate the Company's provision methods. Sudden downward changes in the Company's product markets may cause the Company to recognize additional inventory charges in future periods.

All FAA certification and preproduction costs are charged to operations as incurred, except for costs associated with new aircraft models in the development stages, which are capitalized.

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease if the lease term reflects the lessee's exercise of that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that interest rate cannot be readily determined, the lessee's implied incremental borrowing rate is used being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the implied borrowing rate, we: (i) where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third-party financing was received; (ii) use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company; and (iii) make adjustments specific to the lease (e.g., term, country, currency and security).

Right-of-use assets are measured as the cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments at or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If we are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of one-time trade show and miscellaneous equipment rental.

Extension, purchase and termination options are included in a number of property and equipment leases to maximize operational flexibility in managing the assets used in our operations. The majority of extension, purchase and termination options held are exercisable only by us and not the respective lessor. To determine the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option, or not exercise a termination operation. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Critical Accounting Estimates and Judgments

We prepare our financial statements in conformity with IFRS, which requires the use of certain critical accounting estimates listed below. It also requires us to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated useful lives of property, plant and equipment, intangible assets and right-of-use assets (other than goodwill)

Our property, plant and equipment are depreciated based on their estimated useful lives and estimated residual values. Our right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis. We reviewed the estimated useful lives and consider they are appropriate. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and right-of-use assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market conditions.

Our aircraft type certificate and intangible assets generated internally are amortized based upon units produced and delivered over the expected total life of the related asset. This is based upon management's estimates of future aircraft demand which they believe this amortization method best reflects the pattern of benefit from these intangible assets over their useful life.

We will increase the depreciation and amortization charges where useful lives are less than previously estimated and will dispose of technically obsolete or non-strategic assets that have been abandoned. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation or amortization expense in future periods.

Estimated Impairment of Goodwill and Indefinite Useful Life Intangible Assets

We test annually whether goodwill and indefinite useful life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.8 to the Accountant's Report in Appendix I to this Document. The recoverable amounts of cash generating units have been determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. These calculations require the use of estimates. As of December 31, 2023, the indicators were reviewed and there was no indication of impairment. In accordance with IAS 36, the impairment assessment will be performed for year-end reporting.

Current and Deferred Income Tax

We are subject to income taxes in the United States. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, we assess the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognized based on our estimates and assumptions that we will be recovered from taxable income arising from continuing operations in the foreseeable future.

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. We reassess these estimates at the end of each reporting date.

Accrued Product Liability and Reinsurance Recoverable

We estimate accrued product liability by reviewing the loss estimates of our lead products underwriter as a basis to determine loss exposure for us related to our self-insured retentions. The lead underwriter determines estimated total loss exposure by examining field-related accidents, establishing an estimate of potential liability exposure based on the facts of the accident and possible theories of liability, jurisdiction, and other factors; and the determination of legal and other fees that may be incurred. This estimate of overall loss exposure for all cases is updated periodically, in conjunction with third-party estimates, giving consideration for new developments in each case. Once the aggregate insurance loss exposure has been determined for any policy year, we recognize our loss exposure if it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. We then calculate our total loss exposure consistent with our applicable retention for the policy year. Such amount above the self-insured retention is recognized as a reinsurance receivable as it is virtually certain of collection. We review the reinsurance recoverable at each reporting period and the facts and circumstances to the matters to ensure that the receivable remains virtually certain. If it is determined that it is no longer virtually certain, the receivable will be derecognized and expensed within the period that determination is reached.

Accrued Warranty

We recognize provision for expected warranty claims during the first two or three years, depending on model type, after the product is sold based on experience of the level of repair and returns. The assumptions used to calculate the provision for warranties are based on current sales levels and current information available about repairs and returns based on the warranty period for all products sold. We reassess these estimates at the end of each reporting date.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statement 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 and consolidated statements of comprehensive income set out in the Accountant's Report included in Appendix I to this Document:

	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 **[REDACTED]** and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. We also believe that such non-IFRS measures facilitate comparisons of operating performance period to period and company to company. 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:			
[REDACTED] *expenses* (Note)	—	—	7,243
Withholding tax	—	—	3,000
Adjusted profit for the year (non-IFRS measure)	72,403	88,076	101,386
Add back:			
Finance costs	3,509	3,199	5,529
Income tax expenses (excluding withholding tax)	13,797	20,858	24,442
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: **[REDACTED]** expenses represent expenses relating to this **[REDACTED]**.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

We design, develop, produce and sell single-engine aircraft. Our two aircraft product lines are (1) the SR2X Series, our single-engine piston airplanes designed for consumer use and specialized configuration aircraft for fleet and other specific applications; and (2) the Vision Jet, our single-engine jet plane designed for consumer use. For the SR2X Series, customers pay based on pricing at time of estimated delivery to ensure all upgrades and customizations are included. For the Vision Jet, we have a limited number of prior contracts from inception of the product line that specify price from the time of signing, indexed further for CPI, upgrades, substitutions and customizations. Our other Vision Jet orders follow the same pricing model as the SR2X Series with final pricing provided closer to full configuration. We also offer Cirrus Services and Other, a wide-ranging service and experience offering and a wide variety of other ancillary products and services including but not limited to sales of after market parts, service sales, warranty sales, training sales and revenue from a related party. See "Connected Transactions" for more information. We manage and report our results of operations across the following two revenue streams for the purpose of allocation of our resources and assessment of our performance: (1) Aircraft which includes our SR2X Series and Vision Jet aircraft and (2) Cirrus Services and Other. See "Business — Our Products" and "Business — Our Services" for further information on our products and services.

During the years ended December 31, 2021, 2022 and 2023, we generated revenue of US$738.1 million, US$894.1 million and US$1,067.7 million, respectively.

Revenue by Revenue Stream

The following table sets forth the breakdown of our revenue by revenue stream 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 [(Note)]	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**

Note: Aftermarket Parts/Maintenance includes extended warranty and JetStream program.

The following table sets forth the number of aircraft we delivered to customers for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Aircraft						
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**

Note: 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.

Cost of Sales

We include material, labor and overhead and other costs, including the amortization of intangibles as we realize research and development projects, warranty costs and other minor variances, in the cost of sales for Aircraft. We include costs related to Cirrus Services such as after market parts, material and labor costs and other costs in our cost of sales for Cirrus Services and Other. For the years ended December 31, 2021, 2022 and 2023, our cost of sales were US$495.9 million, US$596.0 million and US$703.0 million, respectively.

The following table sets forth the breakdown of our cost of sales by revenue stream for the years indicated, both in actual terms and as a percentage of our total cost of sales:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Cost of sales						
Aircraft	399,814	80.6	501,523	84.2	601,719	85.6
Cirrus Services and Other	96,041	19.4	94,429	15.8	101,297	14.4
Total	**495,855**	**100.0**	**595,952**	**100.0**	**703,016**	**100.0**

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**

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. For the years ended December 31, 2021, 2022 and 2023, we generated gross profit of US$242.3 million, US$298.1 million and US$364.7 million, respectively, and our gross profit margin was 32.8%, 33.3% and 34.2% for the respective years.

The following table sets for the breakdown of our gross profit and gross profit margin by revenue stream for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
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**		**298,130**		**364,692**	

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. In particular, the increase in the proportion of our revenue from our JetStream program was primarily due to the increase in the number of our fielded Vision Jet as we continued to make deliveries of the Vision Jet and the JetStream program is available for enrollment by every Vision Jet customer. As of the Latest Practicable Date, we have maintained nearly 100% enrollment rate for all of our Vision Jet owners in the JetStream program. The increase in gross profit margin for Cirrus Services and Other from 29.7% in 2022 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 expense 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.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of employee expenses, facilities and equipment, outside selling and professional services expense and other including advertising costs such as those related to trade shows and digital marketing. See "Business — Sales and Marketing — Our Marketing Strategies." For the years ended December 31, 2021, 2022 and 2023, our selling and marketing expenses were US$66.4 million, US$88.3 million and US$106.8 million, respectively.

The following table sets forth a breakdown of our selling and marketing expenses for the years indicated, both in actual terms and as a percentage of our total selling and marketing expenses:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Selling and marketing expenses						
Employee Expense	35,706	53.8	48,072	54.5	65,789	61.6
Facilities and Equipment	8,710	13.1	13,021	14.7	15,051	14.1
Outside Selling & Professional Services Expense	14,804	22.3	18,544	21.0	21,795	20.4
Other	7,171	10.8	8,653	9.8	4,131	3.9
Total	**66,391**	**100.0**	**88,290**	**100.0**	**106,766**	**100.0**

General and Administrative Expenses

Our general and administrative expenses primarily consist of employee expense, facilities and equipment, insurance and product liability costs, outside selling and professional services expense (including expenses for legal and audit services as well as **[REDACTED]** expenses) and other including licenses, dues and research costs.

The following table sets forth a breakdown of our general and administrative expenses for the years indicated, both in actual terms and as a percentage of our total general and administrative expenses:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
General and administrative expenses						
Employee Expense	55,258	59.0	60,272	58.8	75,614	55.9
Facilities and Equipment	18,408	19.6	22,696	22.2	26,539	19.6
Insurance and Product Liability	8,957	9.6	8,539	8.3	17,904	13.2
Outside Selling & Professional Services Expense	6,365	6.8	7,121	6.9	11,418	8.4
Other	4,673	5.0	3,858	3.8	3,709	2.9
Total	**93,661**	**100.0**	**102,486**	**100.0**	**135,184**	**100.0**

Operating Profit before Other Income

As a result of the foregoing, for the years ended December 31, 2021, 2022 and 2023, we generated operating profit before other income of US$82.2 million, US$107.4 million and US$122.7 million, respectively.

Other Income, Net

Our other income, net primarily consists of funds that have been disbursed to us based upon expenses incurred in connection with a federal government grant that we were awarded under the American Jobs Protection Act and government grants from Minnesota and Tennessee, primarily in connection with maintaining jobs. For the years ended December 31, 2021, 2022 and 2023, our other income, net was US$7.5 million, US$4.8 million and US$1.4 million, respectively.

Operating Profit and Operating Profit Margin

As a result of the foregoing, for the years ended December 31, 2021, 2022 and 2023, we generated operating profit of US$89.7 million, US$112.1 million and US$124.1 million, respectively, and our operating profit margin was 12.2%, 12.5% and 11.6% for the respective years.

Finance Costs

Our finance costs primarily consist of interest expenses related to our outstanding debt and recognition of interest related to leases as lease liabilities. For the years ended December 31, 2021, 2022 and 2023, our finance costs were US$3.5 million, US$3.2 million and US$5.5 million, respectively, which reflected 0.5%, 0.4% and 0.5% of our total revenue for the respective years.

Income Tax Expenses

For the years ended December 31, 2021, 2022 and 2023, we recorded income tax expenses of US$13.8 million, US$20.9 million and US$27.4 million, respectively. This tax expense comprises current and deferred tax. Effective tax rate is calculated as tax expenses for the year divided by the profit before tax, resulting in an effective tax rate of 16.0%, 19.1% and 23.1% for the years ended December 31, 2021, 2022 and 2023, respectively. The increase in our effective income tax rate from 16.0% in 2021 to 19.1% in 2022 was primarily due to the reduction in tax credits not previously expected to be utilized and certain permanent differences. The increase in our effective income tax rate from 19.1% in 2022 to 23.1% in 2023 was primarily due to the withholding tax associated with the dividend declared and paid from Cirrus Industries to our Company. For the years ended December 31, 2021, 2022 and 2023, the current tax expense was US$9.1 million, US$28.5 million and US$29.4 million, respectively. See Note 10 to the Accountant's Report set out in Appendix I to the Document for further details. We are subject to tax laws and regulations in the United States, the Cayman Islands and the United Kingdom.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue increased by US$173.6 million, or 19.4%, from US$894.1 million in 2022 to US$1,067.7 million in 2023, primarily as a result of (i) increased deliveries in Aircraft, driven by increased customer demand for personal aviation and (ii) price increases on our Aircraft driven by new feature launches and in response to broader inflationary pressures. Increased revenue was also a result of our growing Cirrus Services and Other facilitated by our broader sales and service presence and our continued expansion in our service offerings.

Our revenue derived from Aircraft increased by US$155.9 million, or 20.5%, from US$759.7 million in 2022 to US$915.7 million in 2023, primarily as a result of increased deliveries of aircraft from 629 to 708 and price increases with average sales prices for our SR2X Series aircraft increasing from US$914.3 thousand to US$1.0 million and for our Vision Jet aircraft increasing from US$2.97 million to US$3.15 million.

Our revenue derived from Cirrus Services and Other increased by US$17.7 million, or 13.2%, from US$134.3 million in 2022 to US$152.1 million in 2023, primarily as a result of increased ownership of our aircraft which led to increased utilization of our associated services and growth of our aftermarket and service repair and maintenance options.

Cost of Sales

Our total cost of sales increased by US$107.1 million, or 18.0%, from US$596.0 million in 2022 to US$703.0 million in 2023, which primarily reflected increases in line with the increase in total revenue resulting in greater volumes of material costs, together with the increased manufacturing costs due to an increase in labor pool volatility, and continued impact of inflation on raw materials. The labor pool volatility was primarily due to the improvement in unemployment in Grand Forks and Duluth, where our existing production lines are based, which lead to our increased turnover in direct labor and the lead time for increasing labor. Such labor pool volatility negatively affected our production in 2023. See "Business — Sales and Marketing — Aircraft Orders and Delivery." As a result of the foregoing, our cost of material for Aircraft increased by US$58.2 million, or 16.4%, from US$354.5 million in 2022 to US$412.8 million in 2023, and our cost of labor and overhead for Aircraft increased by US$21.5 million, or 21.7%, from US$98.9 million in 2022 to US$120.4 million in 2023.

Our cost of sales for Aircraft increased by US$100.2 million, or 20.0%, from US$501.5 million in 2022 to US$601.7 million in 2023, which primarily reflected growth in sales of Aircraft resulting in higher variable costs including materials and labor and higher overhead costs, together with the inflationary pressures on materials, increased manufacturing costs and increased employee compensation levels to address labor shortages and increased labor turnover, partially offset by improved efficiency due to the growth in sales and the continued implementation of the Cirrus Operating System.

Our cost of sales for Cirrus Services and Other increased by US$6.9 million, or 7.3%, from US$94.4 million in 2022 to US$101.3 million in 2023, which is in line with the increase in revenue from Cirrus Services and Other.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by US$66.6 million, or 22.3%, from US$298.1 million in 2022 to US$364.7 million in 2023. Our overall gross profit margin increased from 33.3% in 2022 to 34.2% in 2023, primarily as a result of growth in gross profit of Cirrus Services and Other.

As a result of the foregoing, our gross profit for Aircraft increased by US$55.7 million, or 21.6%, from US$258.2 million in 2022 to US$313.9 million in 2023. The gross profit margin for Aircraft remained stable at 34.0% in 2022 and 34.3% in 2023, respectively.

As a result of the foregoing, our gross profit for Cirrus Services and Other increased by US$10.8 million, or 27.2%, from US$39.9 million in 2022 to US$50.8 million in 2023. The gross profit margin for Cirrus Services and Other increased from 29.7% in 2022 to 33.4% in 2023, primarily as a result of the revenue from AG Zhejiang for aircraft development that was recognized in 2023, while the majority of the associated expense was incurred and recognized in prior years based on the completion progress of the aircraft development program, as (i) we have been incurring expense in the ordinary course of the aircraft development program, including but not limited to staff costs and materials (both raw materials and purchased components) in relation to this development program and we incurred less expense in 2023 when the aircraft development program entered into its final certification stage, and (ii) AG Zhejiang has settled the development fee associated with the cost overrun of the aircraft development program according to the progress of the program. 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.

Selling and Marketing Expenses

Our selling and marketing expenses increased by US$18.5 million, or 20.9%, from US$88.3 million in 2022 to US$106.8 million in 2023, primarily as a result of increased employee expense as a result of enhancements to compensation packages and growth in our sales and marketing headcount and increased facilities and equipment expenditures in our Cirrus Services business unit and in particular the establishment of our field service centers. See "Business — Our Services." We also experienced an increase in outside selling and professional services expenses due to the commissions paid in connection with a growth in sales.

General and Administrative Expenses

Our general and administrative expenses increased by US$32.7 million, or 31.9%, from US$102.5 million in 2022 to US$135.2 million in 2023, primarily as a result of an increase in employee expense of US$15.3 million, or 25.5%, from US$60.3 million in 2022 to US$75.6 million in 2023 due to the inflationary labor pressure and growth in our general and administrative (including product development) headcount. This increase in headcount reflects growth in our product development and supporting functions, increased facilities and equipment expenditures, primarily as a result of investments related to product development facilities and growth of our supporting functions including information technology. The increase is also a result of the **[REDACTED]** expenses incurred in 2023 and an increase in product liability expense due primarily to the de-recognition in 2023 of reinsurance receivables due from certain reinsurers amounting to US$7.9 million relating to certain material product liability claims, which are no longer deemed "virtually certain" of collection; see Note 34 to the Accountant's Report included in Appendix I to this Document.

Operating Profit before Other Income

As a result of the foregoing, our total profit before other income increased by US$15.4 million, or 14.3%, from US$107.4 million in 2022 to US$122.7 million in 2023.

Other Income, Net

Our other income, net decreased by US$3.4 million, or 71.3%, from US$4.8 million in 2022 to US$1.4 million in 2023, primarily as a result of a lower amount in government grant income recognized.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our total operating profit increased by US$12.0 million, or 10.7%, from US$112.1 million in 2022 to US$124.1 million in 2023. Our overall operating profit margin decreased from 12.5% in 2022 to 11.6% in 2023, primarily as a result of the higher increase in general and administrative expenses.

Finance Costs

Our finance costs increased by US$2.3 million, or 72.8%, from US$3.2 million in 2022 to US$5.5 million in 2023, primarily as a result of an increase in interest expenses on borrowings due to an increase in the interest rate associated with our floating rate debt.

Income Tax Expense

Our income tax expense increased by US$6.6 million, from US$20.9 million in 2022 to US$27.4 million in 2023. Our effective income tax rate increased from 19.1% in 2022 to 23.1% in 2023, primarily due to the withholding tax associated with the dividend declared and paid from Cirrus Industries to our Company, and certain non-deductible **[REDACTED]** expenses.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by US$3.1 million, or 3.5%, from US$88.1 million in 2022 to US$91.1 million in 2023. Our net profit margin was 9.9% and 8.5% in 2022 and 2023, respectively.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our total revenue increased by US$156.0 million, or 21.1%, from US$738.1 million in 2021 to US$894.1 million in 2022, primarily as a result of (i) increased deliveries in Aircraft, driven by increased customer demand for personal aviation and (ii) price increases on our Aircraft driven by new feature launches and in response to broader inflationary pressures. Increased revenue was also a result of our growing Cirrus Services and Other facilitated by our broader sales and service presence and our continued expansion in our service offerings.

Our revenue derived from Aircraft increased by US$140.1 million, or 22.6%, from US$619.6 million in 2021 to US$759.7 million in 2022, primarily as a result of increased deliveries of all aircraft models from 528 to 629 and price increases with average sales prices for our SR2X Series aircraft increasing from US$870.2 thousand to US$914.3 thousand and for our Vision Jet aircraft increasing from US$2.73 million to US$2.97 million.

Our revenue derived from Cirrus Services and Other increased by US$15.8 million, or 13.4%, from US$118.5 million in 2021 to US$134.3 million in 2022, primarily as a result of increased ownership of our aircraft which led to increased utilization of our associated services and growth of our aftermarket and service repair and maintenance options.

Cost of Sales

Our total cost of sales increased by US$100.1 million, or 20.2%, from US$495.9 million in 2021 to US$596.0 million in 2022, which primarily reflected increases in line with the increase in total revenue resulting in greater volumes of material costs, together with the increased manufacturing costs due to an increase in supply chain and labor pool volatility, and continued impact of inflation on raw materials. The aforementioned supply chain volatility was primarily due to the impact of the COVID-19 pandemic, which led to destabilization of our supply of materials such as raw material components required to manufacture composite materials in terms of availability and the lead time to obtain supplies, aggravated by our increased demand for supplies to support our increased backlog, and delays in our production operations. The labor pool volatility was primarily due to the decrease in unemployment rate in Grand Forks and Duluth, where our existing production lines are based, which lead to our increased turnover in direct labor and the lead time for increasing labor. According to Frost & Sullivan, the unemployment rate in Grand Forks and Duluth dropped from 2.7% in 2021 to 1.9% in 2022 and from 4.3% in 2021 to 3.4% in 2022, respectively, and the price of carbon fiber was generally higher in 2022 as compared to 2021. See "Industry Overview — Price Analysis of Key Raw Materials and Labor" for details. Such supply chain and labor pool volatility negatively affected our production in 2022. See "Business — Sales and Marketing — Aircraft Orders and Delivery." As a result of the foregoing, our cost of material for Aircraft increased by US$66.6 million, or 23.1%, from US$288.0 million in 2021 to US$354.5 million in 2022, and our cost of labor and overhead for Aircraft increased by US$21.0 million, or 27.0%, from US$77.9 million in 2021 to US$98.9 million in 2022.

Our cost of sales for Aircraft increased by US$101.7 million, or 25.4%, from US$399.8 million in 2021 to US$501.5 million in 2022, which primarily reflected growth in sales of Aircraft resulting in higher variable costs including materials and labor and higher overhead costs, together with the inflationary pressures on materials, increased manufacturing costs and increased employee compensation levels to address labor shortages and increased labor turnover.

Our cost of sales for Cirrus Services and Other decreased by US$1.6 million, or 1.7%, from US$96.0 million in 2021 to US$94.4 million in 2022, which primarily reflected the increased proportion of higher margin products and services in Cirrus Services and Other, including JetStream program and flight training, compared to the prior year.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit increased by US$55.9 million, or 23.1%, from US$242.3 million in 2021 to US$298.1 million in 2022. Our overall gross profit margin increased from 32.8% in 2021 to 33.3% in 2022, primarily as a result of growth in gross profit margin of Cirrus Services and Other which was partially offset by decreases in our gross profit margin for Aircraft due to increased manufacturing costs related to supply chain and labor pool volatility in part due to impacts from the COVID-19 pandemic.

As a result of the foregoing, our gross profit for Aircraft increased by US$38.4 million, or 17.5%, from US$219.8 million in 2021 to US$258.2 million in 2022. The gross profit margin for Aircraft decreased from 35.5% in 2021 to 34.0% in 2022, primarily as a result of supply chain and labor pool volatility.

As a result of the foregoing, our gross profit for Cirrus Services and Other increased by US$17.4 million from US$22.5 million in 2021 to US$39.9 million in 2022. The gross profit margin for Cirrus Services and Other increased from 19.0% in 2021 to 29.7% in 2022, 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. In particular, the increase in the proportion of our revenue from our JetStream program was primarily due to the increase in the number of our fielded Vision Jet as we continued to make deliveries of the Vision Jet and the JetStream program is available for enrollment by every Vision Jet customer. As of the Latest Practicable Date, we have maintained nearly 100% enrollment rate for all of our Vision Jet owners in the JetStream program. See "Business — Our Services" for the breakdown of our revenue by service line.

Selling and Marketing Expenses

Our selling and marketing expenses increased by US$21.9 million, or 33.0%, from US$66.4 million in 2021 to US$88.3 million in 2022, primarily as a result of increased employee expense as a result of enhancements to compensation packages and growth in our sales and marketing headcount and increased facilities and equipment expenditures in our Cirrus Services business unit and in particular the establishment of our field service centers. See "Business — Our Services." We also experienced an increase in outside selling and professional services expenses due to higher commissions being paid due to a growth in international sales as a percentage of overall aircraft sales.

General and Administrative Expenses

Our general and administrative expenses increased by US$8.8 million, or 9.4%, from US$93.7 million in 2021 to US$102.5 million in 2022, primarily as a result of increased employee expense as a result of enhancements to compensation packages and growth in our general and administrative (including product development) headcount. This increase in headcount reflects growth in our product development and supporting functions, increased facilities and equipment expenditures, primarily as a result of investments related to product development facilities and growth of our supporting functions including information technology and decreased outside selling and professional services related to professional advisor fees.

Operating Profit before Other Income

As a result of the foregoing, our total profit before other income increased by US$25.1 million, or 30.6%, from US$82.2 million in 2021 to US$107.4 million in 2022.

Other Income, Net

Our other income, net decreased by US$2.7 million, or 36.2%, from US$7.5 million in 2021 to US$4.8 million in 2022, primarily as a result of a lower amount of government grant income recognized.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our total operating profit increased by US$22.4 million, or 25.0%, from US$89.7 million in 2021 to US$112.1 million in 2022. Our overall operating profit margin increased from 12.2% in 2021 to 12.5% in 2022, primarily as a result of growth in revenue and partially offset by a growth in selling and marketing and general and administrative costs.

Finance Costs

Our finance costs decreased by US$0.3 million, or 8.8%, from US$3.5 million in 2021 to US$3.2 million in 2022, primarily as a result of decreased lease liabilities in line with our buyout of leased buildings.

Income Tax Expense

Our income tax expense increased by US$7.1 million, from US$13.8 million in 2021 to US$20.9 million in 2022. Our effective income tax rate increased from 16.0% in 2021 to 19.1% in 2022, primarily due to the reduction in tax credits not previously expected to be utilized and certain permanent differences.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased by US$15.7 million, or 21.6%, from US$72.4 million in 2021 to US$88.1 million in 2022. Our net profit margin was 9.8% and 9.9% in 2021 and 2022, respectively.

SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated financial position as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	112,748	161,784	197,933
Right-of-use assets	12,783	16,750	12,949
Intangible assets	225,501	231,320	245,173
Goodwill	115,923	115,923	115,923
Financial assets at fair value through other comprehensive income	257	215	471
Advances to suppliers	2,823	4,559	8,832
Notes receivables	62	21	—
Contract assets	145	152	112
Total non-current assets	**470,242**	**530,724**	**581,393**
Current assets			
Inventories	100,708	113,017	134,566
Reinsurance recoverable	19,528	42,211	21,417
Advances to suppliers	6,524	5,321	12,188
Contract assets	1,989	203	215
Notes and other receivables and prepayments	1,388	8,154	2,270
Accounts receivables	4,017	5,836	7,399
Financial assets at fair value through profit or loss	1,145	1,017	1,618
Cash and cash equivalents	181,381	243,254	246,869
Total current assets	**316,680**	**419,013**	**426,542**
TOTAL ASSETS	**786,922**	**949,737**	**1,007,935**
EQUITY			
Share capital	155,482	155,482	155,482
Capital reserve	(113,482)	(113,482)	(113,482)
Financial assets at fair value through other comprehensive income fair value reserve	4	3	4
Retained earnings	258,654	346,729	431,372
TOTAL EQUITY	**300,658**	**388,732**	**473,376**

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
LIABILITIES			
Non-current liabilities			
Borrowings	56,313	67,650	55,949
Lease liabilities	11,764	11,920	12,070
Deferred tax liabilities	24,838	17,150	15,160
Accrued warranty	4,043	4,905	7,363
Contract liabilities	41,155	45,971	57,047
Total non-current liabilities	**138,113**	**147,596**	**147,589**
Current liabilities			
Accounts payables	41,651	45,078	42,428
Employee wages and benefits payable	41,976	48,379	60,530
Accrued liabilities	2,897	16,908	10,033
Contract liabilities	39,578	39,546	45,241
Customer deposits	145,204	165,105	149,466
Deferred government grant income	59	—	—
Interest payable	68	210	121
Income tax payable	8,279	11,644	8,541
Accrued warranty	17,004	14,566	20,534
Accrued product liability	33,434	57,457	35,325
Borrowings	15,360	8,044	11,801
Lease liabilities	2,641	6,472	2,950
Total current liabilities	**348,151**	**413,409**	**386,970**
TOTAL LIABILITIES	**486,264**	**561,005**	**534,559**
TOTAL EQUITY AND LIABILITIES	**786,922**	**949,737**	**1,007,935**
NET CURRENT (LIABILITIES)/ASSETS	**(31,471)**	**5,604**	**39,572**

DISCUSSION OF CERTAIN KEY STATEMENTS OF FINANCIAL POSITION ITEMS

Intangible Assets

Our intangible assets are primarily composed of 1) our Cirrus trademark, 2) development costs and 3) aircraft type certificates. Our Cirrus trademark was accounted for as an indefinite-lived intangible asset, and as such, it is tested for impairment annually and whenever an event occurs, or circumstances change that would indicate the carrying amount may be impaired. The trademark was US$19.6 million as of December 31, 2021, 2022 and 2023, respectively. Our development costs are related to new product development. Development costs that are recognized as assets are amortized as we realize their value through aircraft deliveries. Our aircraft type certificates represent the certificates and development efforts for Aircraft and is acquired in a business combination is recognized at fair value at the acquisition date. The aircraft type certificates have a finite useful life and are subsequently carried at cost less accumulated amortization. We select units of production method for amortizing the aircraft type certificates. Our intangible assets increased from US$225.5 million as of December 31, 2021 to US$231.3 million as of December 31, 2022 and increased further to US$245.2 million as of December 31, 2023, primarily due to investments in product development including future product improvement and innovation launches.

Goodwill

Our goodwill consists of the excess of the purchase price of Cirrus Industries, Inc. in 2011 over the estimated fair value of net assets of the acquired business when we were purchased by CAIGA. We assess whether there has been an impairment of goodwill annually in the fourth quarter and whenever an event occurs, or circumstances change that would indicate the carrying amount may be impaired. Our goodwill was US$115.9 million as of December 31, 2021, 2022 and 2023.

As of December 31, 2023, the indicators were reviewed and there was no indication of impairment. In accordance with IAS 36, the impairment assessment will be performed for year-end reporting. For the impairment test for goodwill and trademark as of December 31, 2021, 2022 and 2023, the key assumptions used in the value-in-use calculations are disclosed below:

	For the year ended December 31,		
	2021	2022	2023
Pre-tax discount rate	18%	18%	18%
Gross profit margin	37%	37%	35%
Long term growth rate	3%	3%	3%

Based on the results of the impairment assessment, our Directors concluded that no impairment on goodwill and trademark had to be recognized during the Track Record Period.

Sensitivity Analysis

Based on the results of goodwill and trademark impairment testing, the estimated recoverable amounts as of December 31, 2021, 2022 and 2023 amounted to US$999.5 million, US$1,109.0 million and US$1,077.6 million, respectively.

Possible change in key assumptions	**Recoverable amount of the CGU exceeding its carrying amount by**		
	As of December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Pre-tax discount rate increase by 3%	556,036	567,070	460,427
Gross profit margin decrease by 3%	560,127	558,867	444,844
Long term growth rate decrease by 1%	662,453	685,283	570,353

Based on the sensitivity analysis, a reasonably possible change in the above key assumptions on which the impairment testing is based would not cause the carrying amount to exceed its recoverable amount.

The discount rate at 18% was first determined upon the acquisition of the business of the Company by our Controlling Shareholders in 2011 on a conservative basis. Management has revisited the pre-tax discount rate used in impairment assessment for each year based on market conditions and has determined the continued use of the discount rate of 18% remained conservative during the Track Record Period. Had there been significant adverse changes in the aforementioned factor, management would adjust the discount rate upward. Nonetheless, based on the Company's understanding of current market conditions, the discount rate of 18% remains at the high end of the reasonable range over the Track Record Period. Accordingly, as the discount rate of 18% was adopted on a conservative basis and no significant change was required based on the management's assessment during the Track Record Period, the management had not adjusted the pre-tax discount rate during the Track Record Period.

Advances to Suppliers

Our advances to suppliers primarily consist of our prepaid engine warranty which are purchased to reduce exposure in our profit generating warranty programs, prepaid insurance, prepaid materials and other prepaid expenses including software subscriptions. The non-current portion of our advances to suppliers increased from US$2.8 million as of December 31, 2021 to US$4.6 million as of December 31, 2022, and further to US$8.8 million as of December 31, 2023, primarily due to an increase in the long-term portion of our prepaid engine warranty in connection with increased sales of extended warranties as we delivered more aircraft.

The current portion of our advances to suppliers decreased from US$6.5 million as of December 31, 2021 to US$5.3 million as of December 31, 2022, primarily due to lower prepaid material costs. The current portion of our advances to suppliers increased to US$12.2 million as of December 31, 2023, primarily due to the increase in the short-term portion of our prepaid engine warranty in connection with increased sales of extended warranties as we delivered more aircraft.

Inventories

Our inventories primarily consist of raw materials, works in process, finished goods, pre-flown inventory and merchandise. Our inventories increased from US$100.7 million as of December 31, 2021 to US$113.0 million as of December 31, 2022, primarily due to increases in production rates and output in addition to our decision to hold more raw materials to mitigate the impact from global supply chain volatility. Our inventories increased to US$134.6 million as of December 31, 2023, primarily due to the higher levels of raw materials and preflown inventory as of December 31, 2023, which are attributable to increases in production rates and output.

The table below sets forth our inventories by types of products and materials as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Inventories			
Raw materials	46,696	75,664	89,804
Work in process	44,294	39,672	40,977
Finished goods	7,483	—	2,854
Preflown inventory	3,622	—	5,260
Merchandise	672	903	881
	102,767	116,239	139,776
Less: provision for inventory obsolescence	(2,059)	(3,222)	(5,210)
Total	**100,708**	**113,017**	**134,566**

The following is an aging analysis of inventories by types of products and materials as of the dates indicated:

	As of December 31,								
	2021			2022			2023		
	Within six months	Over six months	Total	Within six months	Over six months	Total	Within six months	Over six months	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Raw materials	44,794	1,902	46,696	72,599	3,065	75,664	85,042	4,762	89,804
Work in process	44,294	—	44,294	39,672	—	39,672	40,977	—	40,977
Finished goods	7,483	—	7,483	—	—	—	2,854	—	2,854
Preflown inventory	3,622	—	3,622	—	—	—	5,260	—	5,260
Merchandise	515	157	672	746	157	903	433	448	881
Total	**100,708**	**2,059**	**102,767**	**113,017**	**3,222**	**116,239**	**134,566**	**5,210**	**139,776**

The following table sets forth our inventory turnover days for the years indicated:

	For the year ended December 31,		
	2021	2022	2023
Inventory turnover days[(1)]	65.2	67.1	66.5

Note:

(1) We calculate inventory turnover days using the average of the beginning and ending gross balances of inventories for the relevant year, divided by the corresponding cost of sales for the year, multiplied by 365 days for the years ended December 31, 2021, 2022 and 2023.

For the year ended December 31, 2021, 2022 and 2023, our inventory turnover days were 65.2 days, 67.1 days and 66.5 days, respectively. The increase in our inventory turnover days from 2021 to 2022 was primarily attributable to increased inventory attributed to global supply chain issues which drove us to hold higher levels of raw materials to mitigate against unexpected delays or shortages from suppliers and in anticipation of increased production. The decrease in our inventory turnover days from 2022 to 2023 was primarily attributable to the growth in sales and the continued implementation of the Cirrus Operating System.

As of January 31, 2024, US$14.7 million or 10.5% of our inventories as of December 31, 2023 had been subsequently utilized.

Reinsurance Recoverable

Our reinsurance recoverable primarily arises from the coverage amount of the product liability valuation as determined by the lead insurance underwriter's estimates for loss exposure. Our reinsurance recoverable increased from US$19.5 million as of December 31, 2021 to US$42.2 million as of December 31, 2022, primarily due to adjustments in our product liability valuation by our lead insurance underwriter's estimates for loss. Our reinsurance recoverable decreased to US$21.4 million as of December 31, 2023, primarily due to resolution of certain product liability claims.

Notes and Other Receivables and Prepayments

Our notes and other receivables and prepayments primarily consist of amounts due from reinsurance providers in connection with reimbursement claims for the resolution of product liability claims and promissory notes issued either short term (less than 30 days) or long term (less than one year), primarily for Australian goods and sales tax.

Our notes and other receivables and prepayments as of December 31, 2021, 2022 and 2023 were US$1.5 million, US$8.2 million and US$2.3 million, respectively. Our notes and other receivables and prepayments increased from US$1.5 million as of December 31, 2021 to US$8.2 million as of December 31, 2022, primarily due to promissory notes from customers in Australia related to aircraft which were in transit from the United States to Australia. Our notes and other receivables and prepayments decreased from US$8.2 million as of December 31, 2022 to US$2.3 million as of December 31, 2023, primarily due to the payment of the promissory notes outstanding in 2022.

As of January 31, 2024, US$1.9 million or 53.9% of our notes and other receivables and prepayments as of December 31, 2023 had been subsequently settled.

Accounts Receivables

Our accounts receivables primarily relate to our service business as payments may not be rendered at the time of services. Payment for our aircraft is due at the time of delivery and does not impact our accounts receivable balance. Within Cirrus Services and Other, credit limits and terms are generally extended for a 30 day period. Our accounts receivables increased from US$4.0 million as of December 31, 2021 to US$5.8 million as of December 31, 2022, and further to US$7.4 million as of December 31, 2023, primarily due to the growth of Cirrus Services.

As of January 31, 2024, US$7.8 million or 80.2% of our accounts receivables as of December 31, 2023 had been subsequently settled.

	As of December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Accounts receivables	4,208	6,745	9,752
Less: Provision for impairment	(191)	(909)	(2,353)
Accounts receivables, net	4,017	5,836	7,399

The aging analysis of accounts receivables based on the invoice date was as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Current-60 days	4,011	6,238	7,325
61-90 days	185	386	893
91-120 days	12	121	854
Over 120 days	—	—	680
	4,208	**6,745**	**9,752**

The following table sets forth our accounts receivables turnover days for the years indicated:

	For the year ended December 31,		
	2021	2022	2023
Accounts receivables turnover days[(1)]	2.0	2.2	2.8

(1) We calculate accounts receivables turnover days using the average of the beginning and ending gross balances of accounts receivables for the relevant year, divided by the corresponding revenue for the year, multiplied by 365 days for the years ended December 31, 2021, 2022 and 2023.

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2021, 2022 and 2023 were US$181.4 million, US$243.3 million and US$246.9 million, respectively. For a discussion on the changes in our cash and cash equivalents, see "— Liquidity and Capital Resources — Cash Flows."

Our cash and cash equivalents primarily consist of cash and all highly liquid investments with an original maturity of three months or less including certificates of deposits.

Contract liabilities and contract assets

Our contract liabilities and contract assets primarily reflects customer maintenance contracts and our extended warranty and JetStream program. Contract assets primarily represent payments made in advance related to maintenance contracts and extended warranty. The amounts are capitalized as contract assets until the related performance obligations had occurred and revenue is recognized. Contract liabilities are our obligation to perform services for our customers for which we have received consideration from them. The contract liabilities are recognized as revenue upon the services provided to the customers. The non-current portion of our contract liabilities increased

from US$41.2 million as of December 31, 2021 to US$46.0 million as of December 31, 2022, primarily due to increases in our obligations to customers mostly related with our services business, in particular in connection with our JetStream program as a result of increased ownership of our aircraft. The non-current portion of our contract liabilities further increased to US$57.0 million as of December 31, 2023, primarily due to increases in our obligations to customers mostly related with our services business, in particular in connection with our JetStream program as a result of increased ownership of our aircraft.

Our current contract liabilities stayed consistent at US$39.5 million as of December 31, 2022 and US$39.6 million as of December 31, 2021, with an increase in maintenance liability partially offsetting liabilities associated with a new development project. Our current contract liabilities increased to US$45.2 million as of December 31, 2023, primarily due to reclassification of contract liabilities in respect of maintenance liability from non-current liabilities to current liabilities due to passage of time.

	As of December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Current contract (assets)/liabilities			
Extended warranty	4,854	5,356	5,499
Maintenance	23,486	29,607	36,916
Commissions	(175)	(203)	(215)
Other	9,424	4,583	2,826
	37,589	39,343	45,026

	As of December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Non-current contract (assets)/liabilities			
Extended warranty	17,135	19,909	25,077
Maintenance	24,020	26,062	31,970
Commissions	(145)	(152)	(112)
	41,010	45,819	56,935

As of January 31, 2024, US$1.2 million or 2.8% of our contract liabilities as of December 31, 2023 had been subsequently recognized as revenue.

Accrued Warranty

Our standard warranty is sold as part of our aircraft and is not purchased separately. A provision is recognized for expected warranty claims during the first two or three years, depending on model type, after the product is sold based on experience of the level of repair and returns. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the two-year warranty period for all products sold. We recognize this cost at the time of the sale. We also recognize the estimated expenses and related liabilities of service bulletins issued during the relevant period.

	For the year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
At beginning of the year	13,783	21,047	19,471
Additions	19,847	12,406	16,927
Settlements made	(11,296)	(16,822)	(10,351)
Change in estimate	(1,287)	2,840	1,850
At end of the year	21,047	19,471	27,897
Representing:			
Non-current portion	4,043	4,905	7,363
Current portion	17,004	14,566	20,534
Total	21,047	19,471	27,897

Our accrued warranty as of December 31, 2021, 2022 and 2023, was US$21.0 million, US$19.5 million and US$27.9 million, respectively. Our accrued warranty decreased from US$21.0 million as of December 31, 2021 to US$19.5 million as of December 31, 2022 primarily as a result of lower warranty and service bulletin cost trends leading to a reduction in provisions. Our accrued warranty increased to US$27.9 million as of December 31, 2023 primarily as a result of an increase in aircraft deliveries. Our actual claims and liability remained relatively consistent over the Track Record Period.

Accounts Payables

Our accounts payables primarily represent balances due to our suppliers for materials and supplies utilized in production and product development, services within our revenue lines and operating expenses, as well as capital expenditures. Our accounts payables are non-interest-bearing. We typically have a defined credit term for each of our vendors within our contracts with each supplier. These terms generally consist of a range of discount terms from 15 to 60-day payment periods.

Our accounts payables as of December 31, 2021, 2022 and 2023 were US$41.7 million, US$45.1 million and US$42.4 million, respectively. Our accounts payables increased from US$41.7 million as of December 31, 2021 to US$45.1 million as of December 31, 2022, primarily due to increases in aircraft production rates and materials costs. Our accounts payables stayed relatively stable at US$42.4 million as of December 31, 2023. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our accounts payables.

The aging analysis of the accounts payables based on invoice date was as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Current–30 days	41,128	44,168	42,013
31–60 days	22	201	—
61–120 days	5	325	7
Over 120 days	496	384	408
	41,651	45,078	42,428

The carrying values of the accounts payables approximate their fair values as of December 31, 2021, 2022 and 2023. As of January 31, 2024, US$22.9 million or 54.0% of our accounts payables as of December 31, 2023 had been subsequently settled.

The following table sets forth our accounts payables turnover days for the years indicated:

	For the year ended December 31,		
	2021	2022	2023
Accounts payables turnover days[(1)]	26.3	26.6	22.7

Note:

(1) We calculate accounts payables turnover days using the average of the beginning and ending gross balances of accounts payables for the relevant year, divided by the corresponding cost of sales for the year, multiplied by 365 days for the years ended December 31, 2021, 2022 and 2023.

Our accounts payables turnover days were 26.3, 26.6 and 22.7 for 2021, 2022 and 2023, respectively.

Accrued Liabilities

Our accrued liabilities primarily relate to unbilled fees including those related to ongoing construction projects, and audit and legal expenses. Our accrued liabilities increased from US$2.9 million as of December 31, 2021 to US$16.9 million as of December 31, 2022, primarily due to the committed contract agreements with our contractors and their subcontractors in relation to the construction of the Innovation Center project. The Innovation Center project is a building we purchased from the City of Duluth in 2022 which we developed as a flexible workspace and engineering hub. Our accrued liabilities decreased to US$10.0 million as of December 31, 2023, primarily due to completion of the construction of the Innovation Center project in September 2023.

Customer Deposits

We require deposits from our customers to secure their orders. We receive non-refundable deposits from customers for all aircraft orders, and refundable deposits for Vision Jet reservations. See "Business — Sales and Marketing — Key Terms of Our Sales Contracts" for details. As of December 31, 2021, 2022 and 2023, we had customer deposits of US$145.2 million, US$165.1 million and US$149.5 million, respectively. The increase in our overall customer deposits from December 31, 2021 to December 31, 2022 was due to significant increases in aircraft orders. The decrease in our customer deposits from December 31, 2022 to December 31, 2023 was primarily due to increased production rate in 2023, which resulted in increased aircraft deliveries in 2023.

Accrued Product Liability

Our accrued product liability represents provisions made based on estimates of our product liability exposure based on valuations by our insurance underwriters. Our accrued product liability increased from US$33.4 million as of December 31, 2021 to US$57.5 million as of December 31, 2022, primarily due to increases in our product liability valuation as determined by our lead insurance underwriter's estimates for loss exposure. Our accrued product liability decreased to US$35.3 million as of December 31, 2023, primarily due to the resolution of two product liability claims that arose in the ordinary course of business, which resulted in a corresponding update to the estimate to match the actual exposure based on this resolution. Such resolutions were covered by our insurance arrangements and allowed for a corresponding decrease in our reinsurance recoverable as of December 31, 2023 as compared to December 31, 2022, as these became actual receivables within our notes and other receivables. See "Business — Insurance" for more information on our insurance arrangements and Note 2.17 to the Accountant's Report included in Appendix I to this Document for more information on the relevant accounting policy.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

The following table sets forth a summary of our liquidity and working capital as of the dates indicated:

	As of December 31,			As of January 31,
	2021	2022	2023	2024
	US$'000	*US$'000*	*US$'000*	*US$'000 (Unaudited)*
CURRENT ASSETS				
Inventories	100,708	113,017	134,566	180,557
Reinsurance recoverable	19,528	42,211	21,417	21,417
Advances to suppliers	6,524	5,321	12,188	12,780
Contract assets	1,989	203	215	222
Notes and other receivables and prepayments	1,388	8,154	2,270	433
Accounts receivables	4,017	5,836	7,399	7,065
Financial assets at fair value through profit or loss	1,145	1,017	1,618	2,089
Cash and cash equivalents	181,381	243,254	246,869	223,393
Total current assets	316,680	419,013	426,542	447,956
CURRENT LIABILITIES				
Accounts payables	41,651	45,078	42,428	56,808
Employee wages and benefits payable	41,976	48,379	60,530	63,206
Accrued liabilities	2,897	16,908	10,033	9,779
Contract liabilities	39,578	39,546	45,241	44,950
Customer deposits	145,204	165,105	149,466	172,167
Deferred government grant income	59	—	—	—
Interest payable	68	210	121	527
Income tax payable	8,279	11,644	8,541	5,520
Accrued warranty	17,004	14,566	20,534	20,310
Accrued product liability	33,434	57,457	35,325	35,576
Borrowings	15,360	8,044	11,801	11,801
Lease liabilities	2,641	6,472	2,950	3,078
Total current liabilities	348,151	413,409	386,970	423,722
NET CURRENT (LIABILITIES)/ASSETS	(31,471)	5,604	39,572	24,234

As of January 31, 2024, we had net current assets of US$24.2 million, as compared to net current assets of US$39.6 million as of December 31, 2023, primarily due to a decrease in cash and cash equivalents, an increase in customer deposits, an increase in accounts payables and an increase in employee wages and benefits payable, partially offset by an increase in inventories.

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 current liabilities of US$31.5 million as of December 31, 2021 was primarily due to customer deposits and borrowings. We require deposits from our customers to secure their orders, which is recorded as a current liability. During the Track Record Period, as our aircraft orders increased, our customer deposits also significantly increased. For more details on customer deposits, see "— Discussion of Certain Key Statements of Financial Position Items — Customer Deposits."

Cash Flows

During the Track Record Period, we had funded our cash requirements principally from cash generated from our operating activities. As of December 31, 2021, 2022 and 2023, we had cash and cash equivalents of US$181.4 million, US$243.3 million and US$246.9 million, respectively. The following table is a summary of our cash flow data from our consolidated statements of cash flows for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Net cash flows generated from/(used in) operating activities	198,277	132,859	113,291
Net cash flows used in investing activities	(47,519)	(71,033)	(90,637)
Net cash flows (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 end of the year	181,381	243,254	246,869

Cash Flows Generated From/Used In Operating Activities

Our cash flows generated from operating activities consist of profit before income tax adjusted for certain non-cash or non-operating activities related items and changes in working capital.

For the year ended December 31, 2023, our net cash generated from operating activities was US$113.3 million, primarily attributable to profit for the year of US$91.1 million adjusted for (i) non-cash items or non-operating items, which principally included income tax expenses of US$27.4 million and depreciation on property, plant and equipment of US$16.9 million, and (ii) changes in working capital of US$8.7 million. Changes in working capital mainly consisted of an increase in inventories of US$23.9 million, a decrease in customer deposits of US$15.6 million and a decrease in accounts and other payables of US$13.8 million, partially offset by a decrease in accounts, notes and other receivables and reinsurance recoverable of US$26.8 million and an increase in contract liabilities of US$16.8 million.

For the year ended December 31, 2022, our net cash generated from operating activities was US$132.9 million, primarily attributable to profit for the year of US$88.1 million adjusted for (i) non-cash items or non-operating items, which principally included depreciation on property, plant and equipment and right-of-use assets of US$17.6 million and amortization of intangibles of US$15.9 million, partially offset by deferred tax benefit of US$7.7 million, and (ii) changes in working capital of US$15.2 million. Changes in working capital mainly consisted of an increase in payables of US$34.8 million and increase in customer deposits of US$19.9 million, partially offset by an increase in receivables of US$31.2 million and increase in inventories of US$18.4 million.

For the year ended December 31, 2021, our net cash generated from operating activities was US$198.3 million, primarily attributable to profit for the year of US$72.4 million, adjusted for (i) non-cash items or non-operating items, which principally included depreciation on property, plant and equipment and right-of-use assets of US$20.8 million, amortization of intangibles of US$14.4 million and deferred tax expense of US$4.7 million, and (ii) changes in working capital of US$80.8 million. Changes in working capital mainly consisted of increase in customer deposits of US$61.3 million, increase in contract liabilities of US$28.0 million and increase in payables of US$19.3 million, partially offset by an increase in inventories of US$27.8 million and increase in receivables of US$8.2 million.

Cash Flows Used in Investing Activities

Our cash flows used in investing activities consist of purchase of investments, proceeds from sale of investments, payment for property, plant and equipment and cash paid for intangible assets.

For the year ended December 31, 2023, our net cash used in investing activities was US$90.6 million, primarily attributable to payment for property, plant and equipment of US$60.8 million, primarily associated with increases to production capacity and development of our Cirrus Services business unit, in particular the establishment of service centers, and cash paid for intangible assets of US$29.5 million related to development activities.

For the year ended December 31, 2022, our net cash used in investing activities was US$71.0 million, primarily attributable to payment for property, plant and equipment of US$49.1 million, primarily associated with increases to production capacity and development of our Cirrus Services business unit, in particular the establishment of service centers, and cash expenditure paid for intangible assets of US$21.7 million related to development activities.

For the year ended December 31, 2021, our net cash used in investing activities was US$47.5 million, primarily attributable to payment for property, plant and equipment of US$40.8 million, primarily associated with increases to production capacity and development of our services and cash paid for intangible assets of US$8.4 million.

Cash Flows Generated From Financing Activities

Our cash flows generated from financing activities consist of proceeds from borrowing, principal payments and principal elements of lease payments.

For the year ended December 31, 2023, our net cash used in financing activities was US$19.0 million, primarily attributable to principal repayment of US$8.0 million relating to a term loan facility we entered into with a U.S. commercial bank and dividends paid of US$6.5 million.

For the year ended December 31, 2022, our net cash generated from financing activities was US$0.05 million, attributable to proceeds from borrowing of US$75.0 million relating to a term loan facility we entered into with a U.S. commercial bank, partially offset by principal payment of US$71.0 million relating to repayment of our outstanding loan with a non-U.S. commercial bank and lease payments of US$4.0 million.

For the year ended December 31, 2021, our net cash used in financing activities was US$126.1 million, primarily attributable to principal payments on our loan from a non-U.S. commercial bank of US$123.6 million.

Working Capital Sufficiency

Taking into account the financial resources available to us, including the estimated **[REDACTED]** from the **[REDACTED]**, cash flow generated from our operations, and cash and cash equivalents on hand, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this Document.

Our capital expenditures during the Track Record Period primarily consisted of payment for property, plant and equipment and intangible assets. Our capital expenditures were US$49.2 million, US$70.8 million and US$90.3 million for the years ended December 31, 2021, 2022 and 2023, respectively.

We expect to incur capital expenditures of approximately US$120.0 million and US$125.0 million in 2024 and 2025, primarily for our continued expansion plan and intangible assets. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, the market conditions and various other factors we believe to be appropriate.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of January 31,
	2021	2022	2023	2024
	US$'000	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)
Borrowings	71,673	75,694	67,750	67,750
Lease liabilities	14,405	18,392	15,020	14,986
Total	**86,078**	**94,086**	**82,770**	**82,736**

Borrowings

As of December 31, 2021, 2022, 2023 and January 31, 2024, we had borrowings of US$71.7 million, US$75.7 million, US$67.8 million and US$67.8 million, respectively.

The following table sets out our borrowings as of the dates indicated:

	As of December 31,			As of January 31,
	2021	2022	2023	2024
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*
Non-current				
Long-term bank borrowings	66,735	71,250	63,750	63,750
Long-term other borrowings	4,938	4,444	4,000	4,000
Less: current portion of long-term bank and other borrowings	(15,360)	(8,044)	(11,801)	(11,801)
	56,313	67,650	55,949	55,949
Current				
Current portion of long-term bank borrowings	14,830	7,500	11,250	11,250
Current portion of long-term other borrowings	530	544	551	551
	15,360	8,044	11,801	11,801
Total	71,673	75,694	67,750	67,750

Our total borrowings increased from US$71.7 million as of December 31, 2021 to US$75.7 million as of December 31, 2022, primarily due to a new term loan facility with a U.S. commercial bank ("**Bank A**"), which was partially offset by the repayment of our loan with a non-U.S. commercial bank. Our total borrowings decreased from US$75.7 million as of December 31, 2022 to US$67.8 million as of December 31, 2023, primarily due to debt principal payments, and remained relatively stable at US$67.8 million as of January 31, 2024. As of January 31, 2024, we had US$37.5 million of unutilized credit facilities available. All long term bank and other borrowings are denominated in U.S. dollars. While we have working capital sufficiency, our customer deposits are recognized as current liabilities, despite being non-refundable, until an aircraft is delivered. We maintain long-term debt to provide flexibility at the outset of every year when deliveries are typically slower, and have established credit facilities in the event of any larger capital requirements.

On July 8, 2022, we entered into a credit agreement with Bank A, which contained both a committed and uncommitted revolving line of credit. We subsequently amended the agreement on December 29, 2022 and May 24, 2023. The committed line of credit is not to exceed US$37.5 million and is collateralized by our assets and equity interests. The agreement allows for us to request an increase in the revolver of up to US$5 million via a swingline commitment and also has the ability to voluntarily reduce the revolving credit commitment by up to US$5 million. The agreement further allows for an increase of up to US$50 million which can be allocated to either

the committed or revolver portion of the line of credit at the Company's discretion. The agreement has a maturity date of July 8, 2025 at which time all outstanding draws are due. As of December 31, 2023, there are no amounts outstanding on the revolving line of credit.

Under the terms of our credit agreements with Bank A dated July 8, 2022, we are required to comply with certain financial covenants based on financial measures, including specified ratios: (i) between our indebtedness to EBITDA (non-IFRS measure) (as defined under the credit agreement) ("**Consolidated Total Leverage Ratio**") and (ii) between (a) the sum of EBIDA (non-IFRS measure) (as defined under the credit agreement) less unfinanced capital expenditures and cash dividends and distributions to (b) the sum of interest expense paid or payable in cash and scheduled principal payments with respect to indebtedness ("**Consolidated Fixed Charge Ratio**"). Under such credit agreement, the maximum Consolidated Total Leverage Ratio is 2, and the minimum Consolidated Fixed Charge Ratio is 1.25, both measured as of the last day of each fiscal quarter. As of December 31, 2022, March 31, 2023, June 30, 2023, September 30, 2023 and December 31, 2023, our Consolidated Total Leverage Ratio was 0.54, 0.54, 0.46, 0.49 and 0.54, with a headroom of 1.46, 1.46, 1.54, 1.51 and 1.46, and our Consolidated Fixed Charge Ratio was 3.36, 3.00, 8.35, 4.70 and 4.05, with a headroom of 2.11, 1.75, 7.10, 3.45 and 2.80, respectively. Such credit agreement also contains restrictions that may limit our ability to, among other things, incur additional debt over agreed threshold, create liens, make certain investments, effect a fundamental change, make certain asset dispositions, and declare or make restricted payments in certain circumstances. During the Track Record Period and up to the Latest Practicable Date, we were in compliance with all covenants under such credit agreements.

The following table sets forth the maturity profile of our borrowings as of the dates indicated:

	As of December 31,			As of January 31,
	2021	2022	2023	2024
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*
Within one year	15,360	8,044	11,801	11,801
Greater than one year and less than two years	52,349	11,712	15,531	23,579
Greater than two years and less the five years	1,590	54,144	39,198	31,150
Over five years	2,374	1,794	1,220	1,220
Total	**71,673**	**75,694**	**67,750**	**67,750**

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no material defaults in bank and other borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulty in obtaining credit facilities, or withdrawal of facilities or request for early repayment.

Lease Liabilities

As of December 31, 2021, 2022 and 2023 and January 31, 2024, we had lease liabilities of US$14.4 million, US$18.4 million, US$15.0 million and US$15.0 million, respectively.

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of January 31,
	2021	**2022**	**2023**	**2024**
	US$'000	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)
Current portion	2,641	6,472	2,950	3,078
Non-current portion	11,764	11,920	12,070	11,908
Total	**14,405**	**18,392**	**15,020**	**14,986**

Our lease liabilities increased from US$14.4 million as of December 31, 2021 to US$18.4 million as of December 31, 2022, primarily due to the addition of ground leases near the Tyson McGhee Airport in Tennessee in connection with expansion of our office space and training facilities. Our lease liabilities decreased to US$15.0 million as of December 31, 2023, primarily because we acquired one of the production facilities we previously leased from the City of Duluth, Minnesota in July 2023. See "Business — Property" for details. Our lease liabilities remained relatively stable at US$15.0 million as of January 31, 2024. All of our leases are unguaranteed.

Contingent Liabilities

During the Track Record Period and up to the Latest Practicable Date, we had contingent liabilities captured in our accrued product liability, relating to ongoing product liability claims. See "— Critical Accounting Estimates and Judgments — Accrued Product Liability and Reinsurance Recoverable."

Indebtedness Statement

Save as disclosed under "— Indebtedness" in this Document, as of December 31, 2021, 2022 and 2023 and January 31, 2024, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since January 31, 2024 and up to the Latest Practicable Date.

CAPITAL COMMITMENTS

As of December 31, 2021, 2022 and 2023 and January 31, 2024, we had capital commitments on property, plant and equipment of approximately US$3 million, US$5 million, US$8 million and US$7 million, respectively. We had no other material commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

Transactions with Related Parties

During the Track Record Period, we entered into a number of related party transactions. Revenue from the sale of goods and services to AG Zhejiang, AG Services and AG Huanan, associates of our Controlling Shareholders relates to aircraft development, provision of procurement support and technical support, provision of aircraft products, aircraft kits sale and provision of program services. We also made purchases of engines and parts for our aircraft from Continental, an associate of one of our Controlling Shareholders. As of December 31, 2021, 2022 and 2023, the amounts due from related parties, consisting of our prepaid engine warranty purchased from Continental which will be utilized over the warranty period, were US$3.7 million, US$4.8 million and US$9.6 million, respectively. As of December 31, 2021, 2022 and 2023, the amounts due to related parties were US$3.2 million, US$1.9 million and US$1.9 million, respectively. The amounts due from or due to our related parties during the Track Record Period are trade in nature, unsecured, interest-free and repayable on demand. See Note 31 to the Accountant's Report set out in Appendix I to this Document for further details about our related party transactions during the Track Record Period. We expect to have transactions with our related parties after the **[REDACTED]**. See "Connected Transactions" for further details.

Our Directors are of the view that each of the related party transactions set out in Note 31 to the Accountant's Report in Appendix I to this Document was conducted on an arm's length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

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%	9.5%
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.

See "— Review of Historical Results of Operations" for factors affecting our gross profit margin, net profit margin, return on equity and return on total assets. See "— Selected Items from the Consolidated Statements of Financial Position" for more information on current ratio, quick ratio and gearing ratio.

FINANCIAL RISK FACTORS

We are exposed to various types of financial and market risks, including liquidity risk, price risk, credit risk and interest rate risk. Our Directors review and agree on specific strategies for the managing each of these risks, which are in line with corporate objectives. See Note 3 to the Accountant's Report set out in Appendix I to this Document for further details.

Liquidity Risk

As of December 31, 2021, 2022 and 2023, we had cash and cash equivalents of US$181.4 million, US$243.3 million and US$246.9 million, respectively, which is sufficient to cover our working capital requirements, providing ample liquidity for our continuing business operations. Liquidity risk relates to the risk that we may not have, or may not be able to raise, cash funds when needed and therefore may encounter difficulty in meeting obligations associated with financial liabilities.

Price Risk

Price risk relates to changes in the price of materials purchased for production. We manage this risk primarily by negotiating pricing agreements with significant suppliers, competitive bidding and identifying opportunities for cost reductions. Based on the current outlook for commodity prices, the total impact of commodities is expected to have a nominal impact on our gross margins for 2023 when compared to 2022.

Credit Risk

Credit risk arises mainly from the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily accounts receivables). We have adopted a policy of dealing only with highly rated financial institutions and we have no significant concentrations of credit risk. Receivables that are past due at the reporting date are impaired as appropriate.

To manage risk arising from cash and cash equivalents, we place deposits in reputable banks. There has been no recent history of default in relation to these financial institutions. Our identified credit losses are effectively close to zero.

For a majority of our revenue, including sales of aircraft, extended warranty and maintenance, as part of our credit control policy, considerations are generally fully paid before the goods are delivered or services are rendered. We are therefore not exposed to credit risk for these revenue transactions. For the accounts receivable arising from the remaining revenue transactions, there was no history of material default. We apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets on a collective basis based on shared credit risk characteristics. The provision matrix is determined based on historically observed default rates with similar credit risk characteristics and is adjusted for forward-looking factors. The historical observed default rates are updated based on the payment profiles of receivables over a period of 12 months, and changes in the forward-looking estimates are analyzed at year end. On this basis, the expected loss rates and allowance provided on a collective basis are insignificant.

For accounts receivables that are long aged or relating to customers that are less likely to be collectible, they are assessed individually for allowance for credit losses. As of December 31, 2021, 2022 and 2023, a total provision of US$0.2 million, US$0.9 million and US$2.4 million was included in the accounts receivables, respectively.

Most of our notes and other receivables (excluding insurance receivables) are collateralized. Financial assets at fair value through other comprehensive income mainly include highly-rated debt securities; therefore, there is limited exposure to credit risk. Accordingly, credit risk in relations to notes and other receivables and financial assets at fair value through other comprehensive income is effectively close to zero.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates. We frequently monitor interest rates and do not anticipate any material losses as a result of interest rate risk. The following table analyzes the breakdown of liabilities and assets by type of interest rate:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Financial assets			
Fixed rate	118	264	471
Financial liabilities			
Fixed rate	4,938	4,444	4,000
Floating rate	66,735	71,250	63,750
	71,673	75,694	67,750

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited **[REDACTED]** financial information of our Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the **[REDACTED]** as if it had taken place on December 31, 2023 and based on the audited consolidated net tangible assets attributable to the owners of our Company as of December 31, 2023 as shown in the Accountant's Report, the text of which is set out in Appendix I to this Document, and adjusted as described below.

The unaudited **[REDACTED]** financial information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to the owners of our Company as of December 31, 2023 or at any future dates following the **[REDACTED]**.

	Audited consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2023	**Estimated net [REDACTED] from the [REDACTED]**	**Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2023**	**Unaudited [REDACTED] adjusted consolidated net tangible assets of our Group per Share**	
	US$'000 *(Note 1)*	*US$'000* *(Note 2)*	*US$'000* *(Note 3)*	*US$* *(Note 4)*	*HK$* *(Note 5)*
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**	112,280	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**	112,280	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2023 is extracted from the Accountant's Report set out in Appendix I to this Document, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as of December 31, 2023 of approximately US$473,376,000 after deducting our Group's intangible assets and goodwill as of December 31, 2023 of approximately US$245,173,000 and US$115,923,000, respectively.

(2) The estimated net **[REDACTED]** from the **[REDACTED]** are based on **[REDACTED]** and the indicative **[REDACTED]** of HK$**[REDACTED]** per Share and HK$**[REDACTED]** per Share, being low and high end of the indicative **[REDACTED]** range, after deduction of the **[REDACTED]** fees and other related expenses (excluding **[REDACTED]** expenses of approximately US$**[REDACTED]** which have been recognized in the consolidated statements of comprehensive income up to the year ended December 31, 2023) and takes no account of any Shares which may be issued upon the exercise of the **[REDACTED]** or any Shares which may be issued or repurchased by our Company.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of **[REDACTED]** Shares were in issue assuming that the Share Subdivision and the **[REDACTED]** have been completed on December 31, 2023 but takes no account of any Shares which may be issued upon the exercise of the **[REDACTED]** or any Shares which may be issued or repurchased by the Company.

(4) For the purpose of this unaudited **[REDACTED]** adjusted consolidated net tangible assets per share, the amounts stated in United States dollars are converted into Hong Kong dollars at an exchange rate of US$1 to HK$7.8240, as set out in the section headed "Information about this Document and the **[REDACTED]**." No representation is made that United States dollars amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No other adjustment has been made to the unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share to reflect any trading results or other transactions of our Group entered into subsequent to December 31, 2023.

(6) The unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share has not taken into account the special cash bonus under the management incentive plan of no less than US$**[REDACTED]** based on the low-end of the indicative **[REDACTED]** range or no less than US$**[REDACTED]** based on the high-end of the indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised. See "Directors and Senior Management — Management Incentive Plan" for details. Had such special cash bonus (assuming a special cash bonus of US$**[REDACTED]** or US$**[REDACTED]** based on the low-end or high-end of the indicative **[REDACTED]** range of HK$**[REDACTED]** per Share or HK$**[REDACTED]** per Share respectively) been taken into account, the unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share would decrease by approximately US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share), and the unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share would have been approximately US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share) and US$**[REDACTED]** per Share (equivalent to approximately HK$**[REDACTED]** per Share), based on the **[REDACTED]** of HK$**[REDACTED]** per Share and HK$**[REDACTED]** per Share, respectively.

DIVIDEND POLICY

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.

DISTRIBUTABLE RESERVES

As of December 31, 2023, our Company did not have any retained earnings as reserves available for distribution to our Shareholders.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]**. We estimate that our total **[REDACTED]** expenses (including **[REDACTED]** commission) will be approximately US$**[REDACTED]**, accounting for approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per share, being the mid-point of the indicative **[REDACTED]** range stated in this Document and the **[REDACTED]** is not exercised). During the Track Record Period, **[REDACTED]** expenses of approximately US$**[REDACTED]** were charged to our consolidated statements of profit or loss for the year ended December 31, 2023, and approximately US$**[REDACTED]** were capitalized to our consolidated statements of financial position and recognized as prepaid **[REDACTED]** expenses as of December 31, 2023, which are expected to be deducted from equity upon **[REDACTED]** as they are directly attributable to the issue of the Shares to the public. The estimated remaining **[REDACTED]** expenses of approximately US$**[REDACTED]** are expected to be charged to our consolidated statements of profit or loss for the year ending December 31, 2024, and approximately US$**[REDACTED]** are expected to be deducted from equity upon **[REDACTED]**. The **[REDACTED]** expenses consist of US$**[REDACTED]** **[REDACTED]**-related expenses and US$**[REDACTED]** million non-**[REDACTED]**-related expenses (including fees and expenses of legal advisors and the reporting accountant of US$**[REDACTED]** and other fees and expenses of US$**[REDACTED]**).

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT

See "Summary — Recent Developments and No Material Adverse Change" in this Document for further details of the impact of recent developments on our business, operations and financial positions.

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 Document, 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 Document, and there had been no event since December 31, 2023 and up to the date of this Document that would materially affect the information as set out in the Accountant's Report included in Appendix I to this Document.

FUTURE PLANS

Please see "Business — Our Strategies" for further details of our future plans.

USE OF [REDACTED]

The net **[REDACTED]** from the **[REDACTED]** that we will receive after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) will be:

- approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the minimum **[REDACTED]**);

- approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the **[REDACTED]** range); or

- approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the Maximum **[REDACTED]**).

Our Company intends to use the net **[REDACTED]** of HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** (being the mid-point of the **[REDACTED]** range), from the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) for the following purposes:

(a) **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to further drive our product portfolio, existing product, features and functionality, as well as increase the lifecycle of our product portfolio. Specifically, within this area we will fund innovation, continuing product improvements, and additional research and development activities. Leveraging our position as a pioneer and a global market leader in the personal aviation industry, we believe we are well positioned to capture the growth from the global personal aviation market. According to Frost & Sullivan, in terms of dollar value of aircraft deliveries, the global personal aviation market is expected to grow to US$4.7 billion by 2027, representing a CAGR of 7.7% from 2023. Therefore, we believe there will be sufficient demand for our aircraft to support our future plans. We continue to seek to advance and expand our aircraft portfolio by introducing model upgrades and generational changes. In particular, we will continue to focus on enhancements which incorporate new technologies, capabilities, and features that enhance the safety, automation, connectivity, performance and ease of use of our products. We will also develop new features focused on these areas and

incorporate emerging trends and technologies for both the SR2X Series and Vision Jet Series aircraft. For these purposes, we intend to employ and/or contract for product development personnel spanning a variety of expertise disciplines including avionics, electrical, structures, propulsion, systems, and software. We plan to employ additional support staff to enhance commercial models, understand service needs, examine the business case and overall return, and the overall manufacturability of these initiatives. In addition to personnel, we also intend to spend on research and development testing, contract engineer and asset purchases (including airplane components) to further our product development, testing and integration efforts. These product development efforts will primarily be based out of our Duluth facilities, and in particular our Innovation Center. We believe these initiatives would enable us to obtain more orders including upgrades from current Cirrus product owners, which would contribute to our future growth. For more details, see "Business — Our Strategies — Advance and expand our aircraft and services portfolio." In particular, the **[REDACTED]** will be used in the next 24 to 36 months as follows:

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to continue to develop and incorporate new features, reliability improvements and the most optimal technologies for new and existing aircraft models, targeting the personal aviation market, to constantly adapt to market needs and changes. The **[REDACTED]** will be used to hire new personnel specifically up to 16 product development personnel and up to 3 support staff, research and development testing, contract engineering as required which is expected to cost up to approximately US$**[REDACTED]**, and asset purchases for testing and integration. Asset purchases will consist of various parts or full components of the airplane and can range in price from approximately US$**[REDACTED]** to US$**[REDACTED]** based on the specific area of development, and we expect to purchase at least 3 of such components. We will focus on improvements to both our existing SR2X Series and Vision Jet aircraft product lines as well as investigate potential derivative aircraft or new platform aircraft. All of this will be with an objective to further our product "ladder" strategy to the benefit of our customers. For further details on our product "ladder" strategy, see "Business — Our Strategies — Advance and expand our aircraft and services portfolio." These products can further complement our existing product portfolio, enabling us to retain existing customers, penetrate new markets, and attract additional customers.

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to develop product lifecycle management and sustaining engineering solutions to maximize the performance and extend the lifespan of our existing product offerings. In particular, we will seek to

developproduct solutions, that address areas of customer feedback, enhance the experience of our pilots across all generation of aircraft, and introduce new components that continue to extend our planes' lifecycle.

Our concentrated research and development spend for this portion of our **[REDACTED]** will center on these crucial pillars. Specifically, we will spend this portion on compensating new staff, specifically up to 40 product development personnel and up to 7 support staff, engaging contract engineering if necessary as augmentation or replacement of these new personnel, facilitating research and development tests, and procuring assets for testing and integration. We will direct our efforts to all components on the aircraft to determine the highest leverage improvements. Our primary focus will be the incremental enhancement of our established SR2X and Vision Jet Aircraft product lines, to encourage upgrade behavior with our current customers, as well as creating an attractive entry point for new customers.

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to fund the research and development of advanced technologies and innovations. These areas, include but are not limited to autonomous and simplified vehicle operations, avionics technologies, data analysis and management systems, and alternative fuel and propulsion solutions. In particular, we seek to increase the level of automation to enable simplified vehicle operations by leveraging advanced flight control and on-board computing systems to simplify and automate certain tasks that normally belong to pilots.

  In addition to actual components on the aircraft, we plan to invest in enhancements and the future technologies which are the backbone of our ecosystem. These areas would include, but are not limited to, further expanding the services available and usability of Cirrus IQ, our connected, digital platform and mobile application. We view this platform as an essential component to enhance the owner experience, while also providing us with more data that we can use to improve efficiency, improve decision making, and help us identify further needs in new functional areas. For example, we plan to further expand the services available on Cirrus IQ to include flight quality analysis and feedback, maintenance and training scheduling, and integrated flight planning solutions. As we pursue this path, we may find other capabilities and technologies that will further enhance Cirrus IQ and our Cirrus Services ecosystem. We estimate that these are expected to cost up to approximately US$**[REDACTED]** for additional technology coding and creation.

We also plan to continue to expand our existing collaborations and explore new collaborations to develop new features for next generational changes of our aircraft products to continue to simplify aircraft operations, and to enhance the performance, safety and comfort of our aircraft. This may include developing aircraft that incorporate new technologies and address changes in the aircraft industry including those from a regulatory perspective such as changes to fuel requirements or developments in electric aircraft. All of these three areas of spend will be enabled by expanding our overall product development headcount, partnering with suppliers and contract engineering companies if necessary, specifically up to 11 product development personnel and up to 3 support staff, facilitating research and development tests, and procuring assets for testing and integration within our product portfolio. In addition, we may spend up to approximately US$**[REDACTED]** for the development and implementation of AI technology within our information technology and product development organizations to support this area.

(b) **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to enhance our production efficiency and capacity. We expect to (i) hire up to 66 manufacturing related personnel in connection with such enhancements (ii) expand our existing facilities or expand to new locations (including through vertical integration), and (iii) upgrading our existing production technology and lines through automation and standardizing our processes. In particular, the **[REDACTED]** will be used in the next 24 to 36 months as follows:

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to expand our production capacity and capabilities. This may include expansions to existing facilities, increasing operating hours of existing facilities, expansion to additional regions in North America, or vertical integration of suppliers depending on the prevailing future economic environment. The expansions will house a broad range of functions, including, among others, manufacturing SR Series and Vision Jet aircraft, aircraft testing and quality assurance.

  In terms of expanding to additional regions in North America beyond our current footprint, we will consider various factors, including the geographic considerations. From a geographic standpoint, we will weigh our options between (1) remaining at our current facilities and expanding our existing physical footprint versus (2) expanding in other geographic communities in North America. To make this determination, we will review many factors ("**Geographic Factors**") including the following: (a) labor availability, skill level and cost and current penetration in

markets where we already operate. We will evaluate all major metropolitan areas with populations greater than 50,000 people; (b) regulatory environment, and compliance requirements and their favorability and complexity to navigate for our business; (c) government tax incentives and laws; (d) infrastructure; (e) energy costs; (f) supply chain; (g) market access; (h) political stability; (i) economic outlook; (j) trade agreements or barriers; (k) land and real estate; (l) access to innovation; (m) competition; (n) quality of life and cost of living; (o) weather: Impact to flying and average of available visual flight rules days per year; and (p) availability of local partnerships.

With regard to our specific expansion scope, this portion of our **[REDACTED]** would be focused on manufacturing capability and capacity. This could potentially include composite production, trim and drill, bonding, mid-assembly, final assembly, flight test, paint, detail, inspection, and certification. The size of expansion will depend on market demands and **[REDACTED]** generated. We anticipate adding up to an aggregate of 110,000 square feet of additional space which is expected to cost up to an aggregate of approximately US$**[REDACTED]** depending on the number and size of expansions undertaken.

We would start any new sites and/or expansions running the same shifts we run today. For more details, see "Business — Production Facilities" in this document. Eventually we will evaluate our ability to ramp this up to as many as three shifts, seven days per week. This consideration will be weighed among alternative factors such as additional geographic expansions and in any case using the same criteria listed above.

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used for the improvement of production and operational efficiency. We plan to:

  (i) continuously upgrade and modernize existing production lines in Duluth, Minnesota and Grand Forks, North Dakota to optimize production efficiency and manage production cost of our existing aircraft models, by, for example, investing in automation technologies such as robots. There are a wide range of applications that robots may be used for, and depending on the application and complexity, pricing may vary significantly, estimated to cost between approximately US$**[REDACTED]** to US$**[REDACTED]** per robot. As the technology is constantly evolving, we cannot quantify the number of robots we will purchase as it will depend on the scope of their functionality.

(ii) focus on in-house innovation through initiatives, such as our 189,000 square foot Innovation Center in Duluth, Minnesota that was opened in September 2023. For more details, see "Business — Property." The state-of-the-art center will feature flexible workspaces, which are expected to cost approximately up to US$5,000 per work area and we expect to invest in up to 17 work areas, that promote an optimal collaborative workspace and break from the traditional office and lab environment to serve as a base for the development of the next generation of Cirrus aircraft. Molds and tooling that will be required to update workspaces are expected to cost approximately up to US$**[REDACTED]** to US$**[REDACTED]** per upgrade. Along with our innovation initiatives, we intend to enhance our physical and digital security measures to further safeguard our trade secrets in both our existing facilities and new expansions. For example, we intend to further invest in the creation of restricted access to areas where trade secrets are stored in new expansions, and the creation and enhancement of surveillance systems and secure storage facilities. We also intend to further invest in the creation and upgrade of digital security measures such as encryption, firewalls, secure networks, and access controls to prevent unauthorized access or data breaches. These investments are estimated to cost approximately up to US$**[REDACTED]** for each piece of equipment and approximately up to US$**[REDACTED]** for any new digital security measure installation point. We expect to invest in up to 33 components which includes both physical and digital properties.

(iii) continue to implement our Cirrus Operating System to integrate and standardize our manufacturing processes, create standardized operational protocols, and to promote the ability to produce the parts of various models simultaneously on the same production line with our first steps toward this accomplished in 2024. Our Cirrus Operating System is designed to bring about cost efficiencies, including but not limited to the following benefits: (i) streamline our supply chain; (ii) standardize our manufacturing processes; (iii) improve our quality processes; (iv) enable flexibility to market changes; (v) optimize product and employee safety; (vi) optimize direct labor and manufacturing overhead employee productivity; and (vii) reduce unnecessary inventory. As part of this reorganization of flow, we will be enhancing and transforming our production line and the **[REDACTED]** will be used for these efforts. We will continue our Cirrus Operating System transformation of all production processes involving standard work with a focus on IT infrastructure modernization and integration to simplify the manufacturing process and achieve better productivity management. This transformation will include all aspects of our production line. For example, we will expand the

use of Kanban systems to bring the necessary parts closer to the workstations and with optimized quantities to reduce potential shrinkage. We will also look at moving stations to introduce robotic or automated methods, including installation and revamping of electrical, information technology, and heat, ventilation, and air conditioning, to support these redesigns which are expected to cost in the aggregate up to approximately US$**[REDACTED]**. Finally, we will continue the utilization of and expand upon the demand flow technology within the Cirrus Operating System to continually reduce the labor hours required for production. Demand flow technology is a system that accommodates a mixed-model production environment and provides us with the flexibility to easily adjust the mix ratios between the various SR2X Series aircraft, which will reduce lead-time for order configuration, and allows us to assemble various SR2X Series aircraft down the same production line, and provide us with flexibility to implement incremental design modifications quickly;

(iv) improve automation systems and digitize operation capacities to enhance synergies across production units with initial testing and improvements complete in the next 24 months. For example, we are currently conducting tests on automated sanding equipment and plan to implement the equipment into actual production to replace labor intensive manufacturing processes. These improvements are expected to cost approximately up to US$**[REDACTED]**. We believe that the combination of Cirrus Operating System efficiencies and automation not only can further reduce the cost and labor hours per unit, but can also increase safety and quality of our production process;

(v) create redundancy in critical operations to enhance our ability to mitigate potential risks in the production process, for example through creating two or more distinct, but identical manufacturing lines for all of or portions of our production line such that if one line is negatively impacted by forces outside our control, the second or additional lines can continue operating. These improvements are expected to cost approximately up to US$**[REDACTED]**; and

(vi) invest in improvements to our IT systems including, but not limited to, ERP and Material Requirements Planning. For example, we plan to integrate the current manual process to document work orders in the ERP system with our Cirrus Operating System to allow our work to be registered digitally and the

process to be highly traceable. These improvements are expected to cost approximately up to US$**[REDACTED]**. For more details, see "Business — Our Strategies — Advance production capabilities."

Specifically, as a result of the foregoing, we expect that our production capacity will increase by approximately 12 to 60 aircraft per year, or an increase in average weekly output of approximately 0.3 to 1.3 aircraft, by the end of 2025 and by approximately 37 to 100 aircraft, or an increase in average weekly output of approximately 0.8 to 2.1 aircraft, by the end of 2026 compared to 2023 production levels. This would represent an increase of our production capacity by approximately 5.3% to 14.0% by 2026 as compared to 2023 production levels. This is based on utilizing our facilities as close to 100%, while also considering various factors including temporary fluctuations across years because of new features or generation launches. For more details, see "Business — Production Facilities" in this document. We expect all investments in equipment will pay back at the latest within 10 years.

As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to acquisitions and had not identified any definite acquisition targets in connection with the vertical integration of suppliers. We do not currently have any specific plans as to the geographical location of any targets, the number of targets or the form of any acquisition. We may seek potential acquisition targets through internal market research and/or recommendations from our business partners. In evaluating vertical integration and as such acquisition targets, we will consider various factors and criteria including the level of synergy, the target's compatibility with our business strategies as well as the potential growth and profitability of the target's business. In particular, we would consider whether the target (i) is a supplier in which we are single-sourced, (ii) could generate incremental value for us as a result of our ownership of the target and/or (iii) could generate future revenue streams from its products.

In using these criteria to evaluate any options, we may decide to examine suppliers located in United States including, but not limited to, those who supply the following components: engine, avionics, electrical and digital systems, mechanical systems, safety systems, pressurization system, oxygen system, hydraulic system, fuel system, navigation systems, environmental systems, and structural elements.

(c) **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to fund improvement and expansion of service, sales and support for our products and services provided in our ecosystem. We

expect to (i) hire various personnel in connection with such improvement and expansion, (ii) expand the geographic coverage of our ecosystem, (iii) expand our service network and support portfolio of products and services, and (iv) expand our factory service center and authorized service center capabilities in terms of capacity and geography.

As the number of aircraft delivered has grown, the provision of aircraft services, such as spare parts, upgrades, training, insurance and financing, has increasingly played a greater and more important role in the global personal aviation market. For example, the global pre-owned general aviation aircraft inventory for sale is expected to grow at a CAGR of 15.6% between 2023 and 2027. According to Frost & Sullivan, the personal aviation aircraft and service market is expected to continue to grow, driven by various factors, including global economic growth and increasing number of HNWIs, as well as post-pandemic global economic recovery driving consumer perception toward privacy and convenience. For more details, see "Industry Overview — Key Drivers for Personal Aviation Aircraft and Service Market Growth." We have strived to seize opportunities in the personal aviation aircraft and service market through Cirrus Services, our customer-centric business unit dedicated to providing 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. Therefore, we believe our strategies would enable us to attract more orders and to satisfy the increasing customer demand for aircraft services, both of which would contribute to our future growth. For further details on our related strategy, see "Our Strategies — Monetize installed base."

In particular, the **[REDACTED]** will be used in the next 24 to 36 months, both geographically and in total capacity as follows:

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to continue to expand the geographic coverage of our ecosystem through expansion of our service network and support portfolio of products and services either directly or through our existing partners, focusing on underserved areas in alignment with our strategies. We seek to expand our ecosystem through also cooperating with existing partners and adding new partners in western U.S. and north central U.S., select Europe markets and/or Brazil. We seek to hire up to 26 personnel, consisting of aircraft maintenance personnel, warehouse staff and line technicians in connection with expanding our ecosystem. This would include expanding services available in our ecosystem to a wider geographic coverage, including our maintenance programs, aircraft management solutions, flight training, and finance and insurance services.

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to scale up the services provided through our ecosystem in western U.S. and north central U.S., select Europe markets and/or Brazil, including our customized flight training solutions to support our growing customer base and to introduce personal aviation to more new customers. We expect to hire up to 25 personnel, including flight instructors, in connection with scaling up our services. We will continue to scale up our customized flight training solutions to support our growing customer base. For example, we have started to introduce training programs for prospective buyers such as factory-direct flight training in our four factory training facility locations where we train our prospective customers to fly using the Cirrus Approach system in a premium environment with new Cirrus planes. Through these programs, we can introduce personal aviation to customers who have not previously considered it a viable mobility solution. In addition, we plan to add additional simulation capabilities to our business, which would include various simulator devices that cost up to US$**[REDACTED]** per device. We expect to purchase up to three such simulator devices. These will include additional pilot training ratings and certifications (e.g., instrument rating, commercial rating) as well as a la carte offerings to improve pilot skill sets without obtaining an official rating. For further details on our strategy relating to flight training, see "Our Strategies — Enhance flight training solutions."

  The number of programs we introduce will depend on a number of factors, including the number of aircraft delivered and the number of our authorized third-party service providers and their location.

  By leveraging the success of our JetStream program, we will continue to establish new maintenance programs and deliver additional features in the existing programs to make owning an aircraft simpler, safer and more convenient for our customers. For more details on the JetStream program, see "Business — Our Services — Aircraft Maintenance and Support — Aircraft Maintenance and Modifications." We will also continue to provide a wider range of aircraft upgrades as well as enhance our overhaul capabilities. For example, we will expand the range of post-sales upgrades available through our Cirrus Direct program, which would provide our customers with more modification options such as adding hot-and-high and WiFi features to their aircraft.

  We plan to expand the aircraft management solutions to more customized services and in more locations after receiving exceptional feedback from our customers on our turnkey Vision Jet ownership program VisionAir and a similar program for the

SR2X Series called Cirrus One. We aim to establish our aircraft as the ultimate on-demand personal aviation solution that addresses the gap between ground transportation and regional air services. We plan to expand the offerings of our ownership management programs VisionAir and Cirrus One to more locations to provide Cirrus aircraft owners, an on-demand flying experience with our global network of professional pilots. In addition, we plan to further collaborate with fleet operators and training schools to use Cirrus aircraft for charter flight services when owners are not actively using the aircraft. This way, not only would we be able to generate additional revenue for us, our partners, and our customers, but we can also build up our reputation as the top choice for on-demand air services.

In addition, we plan to expand our ability to support trade-in opportunities to our existing aircraft owners and expand to facilitate greater secondary sales of aircraft to further expand our customer base through increased personnel support and technology enhancements. By increasing the number of employees supporting secondary sales and upgrading the platform we have, we expect to be able to sell more aircraft through the secondary market. These investments will also support our ability to refurbish or upgrade aircraft for the secondary market. Furthermore, we aim to expand financing options for existing and new customers to facilitate their purchase of new aircraft and aircraft upgrades.

- **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used to expand our factory service center and authorized service center capabilities within our ecosystem to maintain our growing fleet of aircraft, both in terms of total capacity and geographic growth. We expect to hire up to 16 personnel, including line technicians, aircraft maintenance personnel, service managers, and coordinators in connection with our expansion. While we have not selected specific sites for expansion, we anticipate adding capacity to support more fielded aircraft ahead. Specifically, we intend to expand to geographical locations where we have customer concentration and no existing presence of available authorized third-party services. For example, we are looking to open a new factory service center in the Western U.S. to primarily service customers with the Vision Jet who are currently being serviced by our Texas factory service center. The number of centers we introduce will depend on a number of factors, including the number of aircraft delivered and the number of our authorized third-party service providers and their location. We will evaluate all these factors and compare them to all major metropolitan areas with populations of at least 50,000 against the same Geographic Factors listed above to determine how many sites and locations we will pursue. Based on our current plans, we expect to open approximately 1 to 2 factory service centers in western U.S. and north central

U.S., select Europe markets and/or Brazil and/or incentivize existing network. Each factory service center is expected to cost between approximately US$**[REDACTED]** to US$**[REDACTED]** depending on the size and extent of services included. We may also find new partners to create approximately 10 to 15 authorized service centers in western U.S. and north central U.S., select Europe markets and/or Brazil. The costs associated with these partnerships will vary depending on the relationship and geographic market; and

(d) **[REDACTED]**% of the net **[REDACTED]**, or approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**), will be used for our general working capital and other general corporate purposes to support our business operation and growth.

The above allocation of the net **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the **[REDACTED]** range. In the event that our net **[REDACTED]** are either more or less than expected, we will increase or decrease the allocation of the net **[REDACTED]** to fit the above purposes on a pro rata basis.

If the **[REDACTED]** is exercised in full, we will receive additional net **[REDACTED]** ranging from approximately HK$**[REDACTED]** (equivalent to US$**[REDACTED]**) (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the low-end of the proposed **[REDACTED]** range) to HK$**[REDACTED]** (equivalent to US$**[REDACTED]**) (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the high-end of the proposed **[REDACTED]** range), after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]**. If the **[REDACTED]** is exercised, we intend to apply such additional net **[REDACTED]** for the above uses on a pro-rata basis.

To the extent that the net **[REDACTED]** from the **[REDACTED]** are not immediately applied to the above purposes, we will only deposit those net **[REDACTED]** into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits. In this event, we will comply with the appropriate disclosure requirements under the Listing Rules.

In the event of any material change in our use of net **[REDACTED]** of the **[REDACTED]** from the purposes described above or in our allocation of the net **[REDACTED]** among the purposes described above, a formal announcement will be made.

[REDACTED]

[REDACTED]

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[REDACTED]

The following is the text of a report set out on pages [I-1] to[I-3], received from the Company's reporting accountant, [PricewaterhouseCoopers,] Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[DRAFT]

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CIRRUS AIRCRAFT LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Cirrus Aircraft Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-4] to [I-79], which comprises the consolidated statements of financial position as of December 31, 2021, 2022 and 2023, the Company's statements of financial position as of December 31, 2021, 2022 and 2023, the consolidated statements of profit or loss, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2021, 2022 and 2023 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-79] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the "Document") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out respectively in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountant's Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out respectively in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as of December 31, 2021, 2022 and 2023 and the consolidated financial position of the Group as of December 31, 2021, 2022 and 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out respectively in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong

[date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in United States Dollar ("**US$**") and all values are rounded to the nearest thousand ("**US$'000**") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31,		
		2021	2022	2023
	Note	*US$'000*	*US$'000*	*US$'000*
Revenue	*5*	738,130	894,082	1,067,708
Cost of sales	*6*	(495,855)	(595,952)	(703,016)
Gross profit		242,275	298,130	364,692
Selling and marketing expenses	*6*	(66,391)	(88,290)	(106,766)
General and administrative expenses	*6*	(93,661)	(102,486)	(135,184)
Operating profit before other income		82,223	107,354	122,742
Other income, net	*7*	7,486	4,779	1,372
Operating profit		89,709	112,133	124,114
Finance costs	*9*	(3,509)	(3,199)	(5,529)
Profit before income tax		86,200	108,934	118,585
Income tax expenses	*10*	(13,797)	(20,858)	(27,442)
Profit for the year		72,403	88,076	91,143
Earnings per share				
Basic and diluted (expressed in US$ per share)	*11*	0.47	0.57	0.59

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Profit for the year	72,403	88,076	91,143
Other comprehensive gain/(loss):			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income, net of tax	24	(2)	1
Other comprehensive gain/(loss) for the year, net of tax	24	(2)	1
Total comprehensive income for the year	72,427	88,074	91,144

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of December 31,		
		2021	2022	2023
	Note	*US$'000*	*US$'000*	*US$'000*
Assets				
Non-current assets				
Property, plant, and equipment	*13*	112,748	161,784	197,933
Right-of-use assets	*24*	12,783	16,750	12,949
Intangible assets	*14*	225,501	231,320	245,173
Goodwill	*14*	115,923	115,923	115,923
Financial assets at fair value through other comprehensive income	*15*	257	215	471
Advances to suppliers	*17*	2,823	4,559	8,832
Notes receivables	*19*	62	21	—
Contract assets	*27*	145	152	112
Total non-current assets		470,242	530,724	581,393
Current assets				
Inventories	*18*	100,708	113,017	134,566
Reinsurance recoverable		19,528	42,211	21,417
Advances to suppliers	*17*	6,524	5,321	12,188
Contract assets	*27*	1,989	203	215
Notes and other receivables and prepayments	*19*	1,388	8,154	2,270
Accounts receivables	*19*	4,017	5,836	7,399
Financial assets at fair value through profit or loss	*16*	1,145	1,017	1,618
Cash and cash equivalents	*20*	181,381	243,254	246,869
Total current assets		316,680	419,013	426,542
Total assets		786,922	949,737	1,007,935

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As of December 31,		
		2021	2022	2023
	Note	*US$'000*	*US$'000*	*US$'000*
Equity and liabilities				
Equity				
Share capital	*21*	155,482	155,482	155,482
Capital reserve	*21*	(113,482)	(113,482)	(113,482)
Financial assets at fair value through other comprehensive income ("**FVOCI**") fair value reserve	*21*	4	3	4
Retained earnings		258,654	346,729	431,372
Total equity		300,658	388,732	473,376
Non-current liabilities				
Borrowings	*23*	56,313	67,650	55,949
Lease liabilities	*24*	11,764	11,920	12,070
Deferred tax liabilities	*28*	24,838	17,150	15,160
Accrued warranty	*25*	4,043	4,905	7,363
Contract liabilities	*27*	41,155	45,971	57,047
Total non-current liabilities		138,113	147,596	147,589
Current liabilities				
Accounts payables	*22*	41,651	45,078	42,428
Employee wages and benefits payable	*22*	41,976	48,379	60,530
Accrued liabilities	*22*	2,897	16,908	10,033
Contract liabilities	*27*	39,578	39,546	45,241
Customer deposits	*22*	145,204	165,105	149,466
Deferred government grant income		59	—	—
Interest payable	*22*	68	210	121
Income tax payable		8,279	11,644	8,541
Accrued warranty	*25*	17,004	14,566	20,534
Accrued product liability	*26*	33,434	57,457	35,325
Borrowings	*23*	15,360	8,044	11,801
Lease liabilities	*24*	2,641	6,472	2,950
Total current liabilities		348,151	413,409	386,970
Total liabilities		486,264	561,005	534,559
Total equity and liabilities		786,922	949,737	1,007,935

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of December 31,		
		2021	2022	2023
	Note	*US$'000*	*US$'000*	*US$'000*
Assets				
Non-current asset				
Investment in a subsidiary		210,000	210,000	210,000
Total non-current asset		210,000	210,000	210,000
Current assets				
Prepayment		—	—	1,267
Cash and cash equivalents		—	—	504
Total current assets		—	—	1,771
Total assets		210,000	210,000	211,771
Equity and liabilities				
Equity				
Share capital	*21*	155,482	155,482	155,482
Capital reserve	*21*	54,518	54,518	54,518
Retained earnings		—	—	499
Total equity		210,000	210,000	210,499
Liabilities				
Current liability				
Amount due to a subsidiary		—	—	1,272
Total current liability		—	—	1,272
Total liability		—	—	1,272
Total equity and liabilities		210,000	210,000	211,771

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital (Note 21)	Capital reserve (Note 21)	Financial assets at fair value through other comprehensive income fair value reserve (Note 21)	Retained earnings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance as of January 1, 2021	155,482	(113,482)	9	186,222	228,231
Profit for the year	—	—	—	72,403	72,403
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	—	—	(5)	29	24
Total comprehensive income/(loss)	—	—	(5)	72,432	72,427
Balance as of December 31, 2021	155,482	(113,482)	4	258,654	300,658
Balance as of January 1, 2022	155,482	(113,482)	4	258,654	300,658
Profit for the year	—	—	—	88,076	88,076
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	—	—	(1)	(1)	(2)
Total comprehensive income/(loss)	—	—	(1)	88,075	88,074
Balance as of December 31, 2022	155,482	(113,482)	3	346,729	388,732
Balance as of January 1, 2023	155,482	(113,482)	3	346,729	388,732
Profit for the year	—	—	—	91,143	91,143
Fair value gain on financial assets at fair value through other comprehensive income, net of tax	—	—	1	—	1
Total comprehensive income	—	—	1	91,143	91,144
Dividends paid	—	—	—	(6,500)	(6,500)
Balance as of December 31, 2023	155,482	(113,482)	4	431,372	473,376

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
		2021	2022	2023
	Note	*US$'000*	*US$'000*	*US$'000*
Cash flows from operation activities				
Profit for the year		72,403	88,076	91,143
Adjustments for:				
Income tax expenses		13,797	20,858	27,442
Finance costs		3,509	3,199	5,529
Depreciation on property, plant and equipment		18,248	13,596	16,857
Depreciation on right-of-use assets		2,507	3,995	4,068
Amortization of intangible assets		14,421	15,866	15,650
(Gain)/loss on financial assets at FVPL		(411)	414	(550)
Government grants		(979)	(59)	—
		123,495	145,945	160,139
Changes in working capital:				
Increase in inventories		(27,761)	(18,365)	(23,918)
(Increase)/decrease in accounts, notes and other receivables and reinsurance recoverable		(8,228)	(31,227)	26,847
(Increase)/decrease in contract assets		(1,037)	1,779	28
Decrease/(increase) in advances to suppliers		1,639	(533)	(11,140)
Increase in contract liabilities		28,001	2,346	16,771
Increase/(decrease) in customer deposits		61,345	19,901	(15,639)
Increase in employee benefit payable		7,479	6,403	12,151
Increase/(decrease) in accounts and other payables		19,320	34,849	(13,796)
Cash generated from operations		204,253	161,098	151,443
Interest paid		(3,611)	(3,057)	(5,617)
Tax paid		(2,365)	(25,182)	(32,535)
Net cash generated from operating activities		198,277	132,859	113,291

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

		Year ended December 31,		
		2021	2022	2023
	Note	*US$'000*	*US$'000*	*US$'000*
Cash flows from investing activities				
Purchase of financial assets		(527)	(397)	(424)
Proceeds from sale of financial assets		2,165	151	118
Payment for property, plant and equipment		(40,756)	(49,102)	(60,828)
Payment for intangible assets		(8,401)	(21,685)	(29,503)
Net cash used in investing activities		(47,519)	(71,033)	(90,637)
Cash flows from financing activities				
Proceeds from borrowings	*30*	—	75,000	—
Repayment of borrowings	*30*	(123,619)	(70,979)	(8,044)
Principal elements of lease payments	*30*	(2,524)	(3,974)	(3,629)
Dividends paid		—	—	(6,500)
Payment for **[REDACTED]** expenses		—	—	(866)
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	*20*	181,381	243,254	246,869

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, reorganization and basis of presentation

1.1 General information

Cirrus Aircraft Limited ("**the Company**") was incorporated on December 13, 2019 as an exempted company in the Cayman Islands under the Companies Act, Cap 22 (Law 3 of 1961) of the Cayman Islands with limited liability. The address of its registered office is Maples Corporate Services Limited, PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together "**the Group**") are principally engaged in manufacturing and sales of piston aircraft ("**SR2X Series**") and single-engine turbine jet ("**Vision Jet**"), sales of services through Cirrus Services, including aviation parts, extended warranty contracts, maintenance operations, and training services ("**[REDACTED] Business**").

The Company's ultimate holding company is Aviation Industry Corporation of China Ltd. ("**AVIC**"), a company incorporated in the People Republic of China (the "**PRC**").

These Historical Financial Information is presented in United State Dollar ("**US$**") unless otherwise stated.

1.2 Reorganization

Immediately prior to the Reorganization and during the Track Record Period, the **[REDACTED]** Business was operated by CAIGA Co. Ltd. ("**CAIGA Co.**"), a company incorporated in The United States of America, and its subsidiaries (together, the "**Operating Companies**").

In preparation for the **[REDACTED]** ("**[REDACTED]**") and **[REDACTED]** (the "**[REDACTED]**") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, a group reorganization (the "**Reorganization**") was undertaken pursuant to which the **[REDACTED]** Business were transferred to the Company. The Reorganization involved the followings steps:

(i) On December 13, 2019, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorized share capital of US$50,000 divided into 50,000 shares with par value of US$1 per share. Upon its incorporation, the Company allotted and issued one ordinary share with par value of US$1 to an

independent third party which was then transferred to CAIGA (Hong Kong) Limited ("**CAIGA Hong Kong**"), a wholly owned subsidiary of China Aviation Industry General Aircraft Co., Ltd. ("**CAIGA**") on the same date.

(ii) On January 15, 2020, pursuant to the share purchase agreement entered into between CAIGA, CAIGA Hong Kong and the Company, CAIGA agreed to sell, transfer and assign its right, title and interest in and to the 100% issued and outstanding share capital of CAIGA Co. to the Company at a consideration of US$155,481,658. The consideration is satisfied by the allotment and issuance of 155,481,658 ordinary shares by the Company to CAIGA Hong Kong. Upon the completion of such transfer, CAIGA Co. was wholly owned by the Company.

(iii) In December 2022, Cirrus Industries, Inc. ("**Legacy Cirrus Industries**") was merged with and into CAIGA (US) Co., Ltd. ("**CAIGA US**"), the immediately holding company of Legacy Cirrus Industries, and CAIGA US was further merged with and into CAIGA Co., the immediate holding company of CAIGA US, under Delaware law. As a result, CAIGA Co. acquired all the assets and properties of CAIGA US Co., and the Legacy Cirrus Industries, respectively, and assumed all of the liabilities and obligations therein. CAIGA Co. was renamed as "Cirrus Industries, Inc.".

As of the date of this report the Company has the following subsidiaries:

Company name	Place of establishment/ incorporation	Particulars of registered capital/issued capital	Percentage of attributable equity interest				Principal activities	Notes
			As of December 31,			As of the date of this report		
			2021	2022	2023			
Cirrus Industries, Inc. (formerly known as CAIGA Co. before December 2022)	The United States of America (the "USA or "US")	100 shares of US$0.001 per share	100%	100%	100%	100%	Investment holding before merging in 2022. Investment holding and designing, manufacturing, retail sale of aircraft and related operations after 2022	(i)
CAIGA US	The USA	100 shares of US$0.001 per share	100%	N/A[(ii)]	N/A[(ii)]	N/A[(ii)]	Investment holding	(i)
Legacy Cirrus Industries	The USA	5,000 shares of US$0.001 per share	100%	N/A[(ii)]	N/A[(ii)]	N/A[(ii)]	Investment holding and designing, manufacturing, retail sale of aircraft and related operations	(i)

Company name	Place of establishment/ incorporation	Particulars of registered capital/issued capital	Percentage of attributable equity interest				Principal activities	Notes
			As of December 31,			As of the date of this report		
			2021	2022	2023			
Cirrus Design Corporation	The USA	100,000 shares of US$0.01 per share	100%	100%	100%	100%	Designing, manufacturing, retail sale of aircraft and related operations	(i)
Dakota Aircraft Corporation . . .	The USA	10,000 shares of US$0.01 per share	100%	100%	100%	100%	Manufacturing of composite components of aircraft	(i)
Superior Aerospace Insurance Company	The USA	100 shares with no par value	100%	100%	100%	100%	Captive insurance	(i)
Cirrus Aircraft Europe Limited . .	United Kingdom	1 share of GBP 1 per share	100%	100%	100%	100%	Entity is dormant, previously established for the overseeing of European accounts	(i)

Notes:

(i) No statutory financial statements have been issued for these companies as they have no statutory audit requirements in their respective countries of incorporation.

(ii) In December 2022, the Legacy Cirrus Industries was merged with and into CAIGA US and CAIGA US was merged with and into CAIGA Co. As a result, CAIGA Co. acquired all the asset and properties of CAIGA US and the Legacy Cirrus Industries, respectively, and assumed all of the liabilities and obligations therein. CAIGA Co., was renamed as "Cirrus Industries, Inc."

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the **[REDACTED]** Business was primarily conducted through the Operating Companies. Pursuant to the Reorganization, the **[REDACTED]** Business were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganization and does not meet the definition of a business. The Reorganization is merely a recapitalization of the **[REDACTED]** Business with no change in management and the ultimate owners of the **[REDACTED]** Business remain the same.

Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the **[REDACTED]** Business under the Operating Companies. For the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the Operating Companies, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the **[REDACTED]** Business for all periods presented.

Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on combination.

2 Material accounting policy information

The principal accounting policies applied in the preparation of the Historical Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The material accounting policies applied in the preparation of the Historical Financial Information which are in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") are set out below. In addition, the material accounting policies applied in the preparation of the Historical Financial Information which are in accordance with IFRSs issued by the IASB. The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All relevant standards, amendments to the existing standards and interpretations that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

Amendments to standards that have been issued but are not effective and have not been early adopted by the Group:

The following amendments to standards have been issued but are not effective during the Track Record Period, and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current liabilities with covenants	January 1, 2024
Amendment to IFRS 16	Leases on sale and leaseback	January 1, 2024
Amendments to IAS 7	Supplier finance arrangements	January 1, 2024
Amendments to IAS 21	Lack of exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group plans to adopt the above amendments to standards when they become effective. According to the preliminary assessment made by the directors of the Company, these amendments to standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective.

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Except for the reorganization, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former shareholders of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.5 Property, plant and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant, and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation on property, plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets, as follows:

Asset	Useful life
Buildings	Shorter of lease terms or 15–40 years
Machinery and equipment	3–10 years
Office equipment	3–10 years
Aircraft and vehicles	5–10 years

An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other income in the consolidated statements of profit or loss when the asset is derecognized.

Plant and equipment as right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

The residual values, useful lives and methods of depreciation of property, plant, and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction-in-progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the cost of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as

the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2.6 Goodwill and intangible assets with indefinite useful life

Goodwill is the excess of the purchase price (consideration transferred) over the estimated fair value of net assets of acquired businesses. In accordance with IFRS, goodwill is not amortized. The Group assesses whether there has been an impairment of goodwill and intangible assets with indefinite useful life annually or whenever an event occurs, or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill and intangible assets with indefinite useful life is done at each of the cash generating units (CGUs) or groups of CGUs. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at not higher than operating segment level. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. An impairment loss is recognized when the carrying amount of the cash generating unit's net assets exceeds the recoverable amount of the cash generating unit. The test for impairment requires the Group to make several estimates about the recoverable amount, most of which are based on projected future cash flows. Any impairment is recognized immediately as an expense. The results of the annual impairment test are discussed in Note 14.

2.7 Intangible assets

(a) Trademark

Trademark acquired in a business combination is recognized at fair value at the acquisition date. The trademark has an indefinite useful life, as the economic benefits are expected to contribute to the Company's cash flows indefinitely, and carried at cost less accumulated impairment losses. Impairment assessment is undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

(b) Customer relationships

Contractual customer relationship acquired in a business combination is recognized at fair value at the acquisition date. The contractual customer relationship has a finite useful life and is subsequently carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship of seven years, which is the estimated period that these relationships will bring economic benefit.

(c) Aircraft type certificates

Aircraft type certificates represents the certificates and development efforts for the aircraft acquired in a business combination or developed internally and is recognized at fair value at the acquisition date. The aircraft type certificates have finite useful lives and are subsequently carried at cost less accumulated amortization. The Company selects units of production method for amortizing the aircraft type certificates. The total units selected for amortization is based on production estimates not to exceed 25 years.

(d) Internally developed intangible assets

The Group incurs significant costs and effort on research and development activities, which include expenditures on prototypes and testing. Research expenditures are charged to the consolidated statements of profit or loss as an expense in the period the expenditure is incurred. Development costs are recognized as assets if they can be clearly assigned to a newly developed product or process and all the following can be demonstrated:

- The technical feasibility to complete the development project so that it will be available for use or sale;
- The intention to complete the development project to use it;
- The ability to use the output of the development project;
- The manner-in-which the development project will generate probable future economic benefits for the Group;
- The availability of adequate technical, financial, and other resources to complete the development project and use or sell the intangible asset; and
- The expenditure attributable to the asset during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date the asset meets the recognition criteria above to the date when it is available for use or sale. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed and employee costs incurred in the creation of the asset. Development expenditures not satisfying the above criteria are recognized in the consolidated statements of profit or loss as incurred.

Capitalized development costs are amortized using a units-delivered method over the expected total unit of production of the related production program or useful life if the life is deemed to be finite. The expected total unit of production can vary depending on whether the programs are for the initial type certificate of an aircraft or are for internally developed intangible assets to an existing aircraft. Internally generated intangible assets are amortized based on production estimates ranging between 3 to 10 years.

2.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years, unless longer is justified.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.9 Financial assets

2.9.1 Financial assets at fair value

Equity securities and mutual funds are classified as financial assets at fair value through profit or loss ("**FVPL Assets**"). FVPL Assets are measured and recorded at fair value and any unrealized gains or losses are recognized in current year profit and loss. Management uses current market quotations, where available, to estimate the fair value of these securities. Realized gains and losses from the sale of FVPL Assets are determined on a specific-identification basis.

FVPL Assets are recorded at fair value when acquired, including any directly attributable transaction costs.

Debt securities are classified as financial assets at fair value through other comprehensive income ("**FVOCI Assets**"). FVOCI Assets are measured and recorded at fair value. Unrealized gains and losses generated from FVOCI Assets (net of tax) are reported as a separate component of the accumulated other comprehensive income until realized. Management uses current market quotations, where available, to estimate the fair value of these securities.

When an investment is sold, the gain or loss accumulated in other comprehensive income is recognized within realized gains or losses within current year profit and loss.

Premiums and discounts are amortized or accreted over the expected life of the related FVOCI Assets as an adjustment to yield, using the effective-interest method. Such amortization and accretion are included in the investment gain line item in the consolidated statements of profit or loss. Interest income is recognized when earned and included in the investment gain line item in the consolidated statements of profit or loss.

The Group assesses on a forward-looking basis the expected credit losses associated with its FVOCI Assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.9.2 Financial assets — impairment

The Group has following financial assets subject to the expected credit loss model with IFRS 9:

1. Accounts receivables;

2. Notes and other receivables (excluding insurance receivables);

3. Financial assets at FVOCI;

4. Cash and cash equivalents.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized since initial recognition.

Impairment on note and other receivables (excluding insurance receivables) is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or receivable has occurred since initial recognition, the impairment is measured as lifetime expected credit losses.

2.10 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate

- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the implied incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and

- makes adjustments specific to the lease, e.g. term, country, currency and security

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of one-time trade show and miscellaneous equipment rental.

Extension, purchase and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension, purchase and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: standard cost
- Preflown aircraft and merchandise: purchase cost on a first-in, first-out basis
- Finished goods and work in process: cost of direct materials and labor and a portion of manufacturing overhead based on normal operating capacity

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is written down to their estimated realizable value when their cost may no longer be recoverable, such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The realizable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date, and inherently involves estimates regarding the future expected realizable value. In general, such an evaluation process requires significant judgment and may materially affect the carrying amount of inventories at the reporting date.

Provisions for excess and obsolete inventories are made through an examination of historical component consumption, current market demands and shifting production demands. Significant assumptions with respect to market trends, customer product acceptance and service warranty demands are utilized to formulate the Group's provision methods. Sudden downward changes in the Group's product markets may cause the Group to recognize additional inventory charges in future periods.

All Federal Aviation Administration (FAA) certification and preproduction costs are charged to profit or loss as incurred, except for costs associated with new aircraft models in the development stages, which are capitalized.

2.12 Accounts receivables

Accounts receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of accounts receivables is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Accounts receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the accounts receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for further information about the Group's impairment policies.

2.13 Cash and cash equivalents

The Group considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates market value. Bank balances exceeded federally insured levels as of December 31, 2021, 2022 and 2023, and throughout the fiscal period then ended. The Group has a policy of dealing only with highly rated financial institutions. Generally, these balances may be redeemed upon demand and, therefore, bear minimal risk. Certificates of deposit are considered cash and cash equivalents based on their nature and original maturity of three months or less based on our policy above.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle or defend the obligation, and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted to present values using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.16 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

2.17 Accrued product liability

The Group is subject to product liability claims in the normal course of business. The Group purchases insurance policies to protect against losses related to product liability claims, hull losses for aircraft in the corporate owned fleet, excess general liability, and other physical damage. These policies carry various coverage limits and cover losses and fees for litigation and defense on product liability.

The Group retains self-insured exposure for product liability losses and defense costs up to maximum per occurrence and aggregate limits on the entire product liability policy.

The Group estimates product liability reserves by reviewing loss estimates of its lead underwriter as a basis to determine loss exposure for the Group related to its self-insured retentions. The lead underwriter determines estimated total loss exposure by examining field-related incidents; establishing an estimate of potential liability exposure based on the facts of the incident and possible theories of liability, jurisdiction, and other factors; and determining legal and other fees that may be incurred. This estimate of overall loss exposure for all cases is updated at least annually, in conjunction with third-party estimates, giving consideration for new developments in each case. Once the aggregate insurance loss exposure has been determined for any policy year, the Group recognizes its loss exposure if it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. The Group then calculates its total loss exposure consistent with its applicable retention for the policy year. The Group's loss reserve may be adjusted from time to time based on adjustments in the insurance company reserves.

2.18 Reinsurance recoverable

The Group carries product liability insurance as stated in Note 2.17 and the Group reinsured those amounts that are beyond the amounts stated above. As such the Group carries a reinsurance recoverable for product liability that exceeds the aggregate exposure amounts stated above, which are covered by third party insurers. The reinsurance recoverable is determined to be virtually certain and recognized as a current asset.

2.19 Accounts payables

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.20 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated statements of profit or loss, except if it arises from transactions or events that are recognized in other comprehensive income/(loss) or directly in equity. In this case, the tax is recognized in other comprehensive income/(loss) or directly in equity, respectively.

(a) Current income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transactions, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are only recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns and discounts and after eliminating sales within the Group.

Transaction sale prices are allocated to performance obligations on the proportional basis of the standalone selling prices of the related performance obligations. The standalone selling price is the price at which an entity would sell a promised good or service separately to a customer. Management assesses these standalone selling prices at least on an annual basis and adjusts accordingly to keep prices competitive in the current market. Any discounts given are allocated to the deliverables on the same basis as above and recognized to revenue over the life of the applicable performance obligations.

(a) Sale of Goods — Aircraft Revenue

Revenue is recognized upon customer acceptance and delivery of the aircraft. Revenue from the sale of aircraft is measured at fair value of the consideration received or receivable, net of discounts. The aircraft sale price, net of deposits received and any notes receivable, must be paid on or before the date the aircraft is delivered. The deposit is recognized as a liability until the aircraft is delivered.

(b) Sale of Goods — Cirrus Services and Other

Cirrus Services and Other, include but are not limited to after market parts, service sales, warranty sales, training sales and revenue from a related party.

Parts can be purchased through the website (Cirrus Direct), from or at participating company owned service centers or authorized service centers. Risk of loss is transferred to the customer upon shipment and/or receipt at a participating location. The revenue is recognized upon shipment and/or receipt at a participating location. Revenue from services sales and training sales is recognized when the relevant services or trainings are provided. Revenue from warranty sales and maintenance is discussed below. Revenue is measured at fair value of the consideration received, net of returns and allowances, trade discounts and volume rebates.

Revenue from a related party was primarily for a one-off development project and was recognized as services were rendered. This is determined based on the actual costs spent relative to the total expected costs. Estimates of revenues, total expected costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

i. Extended warranty

The Group provides normal warranty provisions for 2-3 years on aircraft sold. A warranty liability is recognized at the time the product is sold.

The Group currently accepts the risk of three year and up to five-year warranties as extended warranties. To alleviate the associated risks, the suppliers of avionics and engines offer extended warranties to cover years three through five for purchase by the Group. Revenue from the sale of extended warranty contracts is deferred and amortized over the term into income on a straight-line basis in the year the warranty contract becomes applicable and is included in Sales of Goods — Cirrus Services and Other above. Any receipts from sales of extended warranties are recognized as deferred revenue and recognized as revenue on a straight-line basis during years three to five of the warranty period, based on the length of the warranty period purchased. Related costs are expensed as incurred, including any extended warranty purchased from suppliers.

ii. Maintenance

Revenue from the sale of maintenance coverage contracts is deferred and amortized into Sale of Goods — Cirrus Services and Other as each maintenance event occurs over the contract period.

2.22 Contract liabilities

When either party to a contract has performed, the Group presents the contract in the statement of financial position as contract assets or contract liabilities, depending on the relationship between the Group's performance and the customer's payment. Contract liabilities are the Group's obligation to transfer services to its customer for which the Group has received consideration from the customer.

2.23 Accrued warranty costs

The Group warrants that the aircraft airframe will be free of material and workmanship defects under normal use and service for a period of 24 months or 1,000 flight hours, whichever occurs first on the Vision Jet and a period of 36 months or 1,000 flight hours, whichever occurs first on SR2X Series aircraft. The warranty is not sold separately and therefore does not provide an additional service to the customer. The Group estimates the accrual for warranty costs based upon historical warranty experience and recognizes this cost at the time of sale. Suppliers of avionics and engines provide standard two-year warranties to the Group and customer.

The Group also recognizes the estimated expenses and related liabilities of service bulletins issued during the reporting periods. Factors that affect the Group's warranty liability include the number of units, historical and anticipated rates of warranty claims, and cost per claim. The Group periodically assesses the adequacy of its warranty liabilities and adjusts the amounts as necessary.

2.24 Employee benefit costs

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. A liability is recognized when an employee has provided services in exchange for employee benefits to be paid in the future; and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits. Employee benefits that are expected to be settled wholly within twelve months after the end of the reporting period are presented as current liabilities.

2.25 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to expense items, it is recognized as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it reduces the asset's cost resulting in lower depreciation expenses over the expected useful life of the related assets.

2.26 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.27 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.28 Dividends distribution

Dividends distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors until subsequent payment to the shareholders, where appropriate.

3 Financial risk management

3.1 Financial risk factors

The Group's financial liabilities mainly comprise borrowings, account and other payables and lease liabilities. The main purpose of the financial liabilities is to finance the Group's operations. The Group's financial assets include financial assets at fair value, account and other receivables, and cash and cash equivalents and short-term deposits derived directly from its operations.

In performing its operating, investing, and financing activities, the Group is exposed to the following financial risks:

- Liquidity risk: The risk that the Group may not have, or may not be able to raise, cash funds when needed and therefore may encounter difficulty in meeting obligations associated with financial liabilities.

- Market risk: The risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. The Group is exposed to interest rate risk for its financial instruments. Financial instruments affected by market risk include borrowings, notes and other receivables. The Group assesses the exposure to market risk before making investment decisions and monitors the overall level of market risk on a daily basis. Management frequently monitors interest rates and does not anticipate any material losses as a result of interest rate risk.

- Price risk: The risk that relates to changes in the price of materials purchased for production. The Group manages this risk primarily by negotiating pricing agreements with significant suppliers, competitive bidding and identifying opportunities for cost reductions. Based on our current outlook for commodity prices, the total impact of commodities is expected to have a nominal impact on our gross margins for 2024 when compared to 2023.

In order to effectively manage those risks, the Board of Directors has approved specific strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short- and long-term objectives and action to be taken in order to manage the financial risks that the Group faces.

The following table summarizes the carrying amount of financial assets and financial liabilities by category:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Financial assets			
Financial assets at amortized cost			
Notes and other receivables (excluding insurance receivables)	1,107	6,412	720
Accounts receivables, net of allowances for credit losses	4,017	5,836	7,399
Cash and cash equivalents	181,381	243,254	246,869
Financial assets at FVOCI			
Financial assets at FVOCI	257	215	471
Financial assets at FVPL			
Financial assets at FVPL	1,145	1,017	1,618
	187,907	256,734	257,077
Financial liabilities			
Liabilities at amortized cost			
Borrowings	71,673	75,694	67,750
Accounts payables	41,651	45,078	42,428
Customer deposits	145,204	165,105	149,466
Interest payable	68	210	121
Lease liabilities	14,405	18,392	15,020
	273,001	304,479	274,785

Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily accounts receivables). The Group has adopted a policy of dealing only with highly rated financial institutions. There are no significant concentrations of credit risk. Receivables that are past due at the reporting date are impaired as appropriate.

To manage risk arising from cash and cash equivalents, the Group places deposits in reputable banks. There has been no recent history of default in relation to these financial institutions. The identified credit losses of the Group are effectively close to zero.

For a majority of the Group's revenue, including sales of aircraft, extended warranty and maintenance, as part of the Group's credit control policy, considerations are generally fully paid before the goods are delivered or services are rendered. The Group is therefore not exposed to credit risk for these revenue transactions. For the accounts receivable arising from the remaining revenue transactions, there was no history of material default. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets on a collective basis based on shared credit risk characteristics. For accounts receivables that are not long aged or relating to customers that are likely to be collectible, the provision matrix is determined based on historically observed default rates with similar credit risk characteristics and is adjusted for forward-looking factors. The historical observed default rates are updated based on the payment profiles of receivables over a period of 12 months, and changes in the forward-looking estimates are analyzed at year end. On this basis, the expected loss rates and allowance provided on a collective basis are insignificant.

For accounts receivables that are relating to customers that are less likely to be collectible, they are assessed individually for allowance for credit losses. As of December 31, 2021, 2022 and 2023, a provision of US$191,000, US$909,000 and US$2,353,000 was included in the accounts receivables over which approximately US$187,000, US$909,000 and US$2,349,000 was provision on an individual basis.

Most of the Group's notes and other receivables (excluding insurance receivables) are collateralized. Financial assets at FVOCI mainly include highly-rated debt securities; therefore, there is limited exposure to credit risk. Accordingly, credit risk in relations to notes and other receivables and financial assets at FVOCI is effectively close to zero.

Liquidity risk — financial liabilities maturity analysis:

The Group manages liquidity risk based on expected maturity dates. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, borrowings and long-term leases.

The following tables analyze financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

As of December 31, 2021	Borrowings	Interest on borrowings	Payables and customer deposits	Lease liabilities
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	15,360	1,297	186,855	3,164
Greater than one year and less than three years	52,861	933	—	4,266
Greater than three years and less than five years	1,078	215	—	1,946
More than five years	2,374	205	—	12,408
Balance as of December 31, 2021	71,673	2,650	186,855	21,784

As of December 31, 2022	Borrowings	Interest on borrowings	Payables and customer deposits	Lease liabilities
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	8,044	3,963	210,183	7,010
Greater than one year and less than three years	27,343	4,756	—	4,363
Greater than three years and less than five years	38,513	2,093	—	2,824
More than five years	1,794	270	—	9,830
Balance as of December 31, 2022	75,694	11,082	210,183	24,027

As of December 31, 2023	Borrowings	Interest on borrowings	Payables and customer deposits	Lease liabilities
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	11,801	2,885	191,894	3,389
Greater than one year and less than three years	23,579	3,548	—	4,871
Greater than three years and less than five years	31,150	767	—	2,015
More than five years	1,220	64	—	13,655
Balance as of December 31, 2023	67,750	7,264	191,894	23,930

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table analyzes the breakdown of liabilities and assets by type of interest rate:

	As of December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Financial assets			
Fixed rate	118	264	471
Financial liabilities			
Fixed rate	4,938	4,444	4,000
Floating rate	66,735	71,250	63,750
	71,673	75,694	67,750

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Year ended December 31, 2021	**Increase/(Decrease) in basis points**	**Effect on profit before tax**
		(US$'000)
US Dollar Libor	25	167
US Dollar Libor	(25)	(167)

Year ended December 31, 2022	**Increase/(Decrease) in basis points**	**Effect on profit before tax**
		(US$'000)
US Dollar SOFR	25	178
US Dollar SOFR	(25)	(178)

Year ended December 31, 2023	**Increase/(Decrease) in basis points**	**Effect on profit before tax**
		(US$'000)
US Dollar SOFR	25	159
US Dollar SOFR	(25)	(159)

3.2 Capital risk management

The Group's capital management objectives are to maintain a positive net worth and ensure its ability to continue as a going concern. The Group manages its capital structure on the basis of gearing ratio and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the shareholder may issue new shares or introduce additional paid-in capital.

The gearing ratio is calculated based on total debt (being interest-bearing borrowings) divided by total equity of the Group. The gearing ratios in the Track Record Period were as follow:

	As of December 31,		
	2021	2022	2023
Gearing ratio	0.2	0.2	0.1

3.3 Fair value measurement

The Group measures some of its assets and liabilities at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	As of December 31, 2021 Fair value measurements using			
Description	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Fixed income	257	—	257	—
Mutual funds	1,145	1,145	—	—
	1,402	1,145	257	—

	As of December 31, 2022 Fair value measurements using			
Description	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Fixed income	215	—	215	—
Mutual funds	1,017	1,017	—	—
	1,232	1,017	215	—

	As of December 31, 2023 Fair Value Measurements Using			
Description	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Fixed income	471	—	471	—
Mutual funds	1,618	1,618	—	—
	2,089	1,618	471	—

There is no transfer between levels 1, 2 and 3 during the years ended December 31, 2021, 2022 and 2023.

4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated useful lives of property, plant and equipment, intangible assets and right-of-use assets (other than goodwill)

The Group's property, plant and equipment are depreciated based on their estimated useful lives and estimated residual values. The Group's right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis. Management has reviewed the estimated useful lives and considers they are appropriate. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and right-of-use assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market conditions.

The Group's aircraft type certificate and internally developed intangible assets are amortized based upon units produced and delivered over the expected total life of the related asset. This is based upon management's estimates of future aircraft demand which they believe this amortization method best reflects the pattern of benefit from these intangible assets over their useful life.

Management will increase the depreciation and amortization charges where useful lives are less than previously estimated and will dispose of technically obsolete or non-strategic assets that have been abandoned. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation or amortization expense in future periods.

(b) Estimated impairment of goodwill and indefinite useful life intangible assets

The Group tests annually whether goodwill and indefinite useful life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash generating units have been determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates (Note 2.8). These

calculations require the use of estimates. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. In accordance with IAS 36, the impairment assessment will be performed for year-end reporting.

(c) Current and deferred income taxes

The Group is subject to income taxes in the US. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognized based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(d) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at the end of each reporting date.

(e) Accrued product liability and reinsurance recoverable

The Group estimates accrued product liability by reviewing the loss estimates of its lead products underwriter as a basis to determine loss exposure for the Group related to is self-insured retentions. The lead underwriter determines estimated total loss exposure by examining field-related accidents, establishing an estimate of potential liability exposure based on the facts of the accident and possible theories of liability, jurisdiction, and other factors; and the determination of legal and other fees that may be incurred. This estimate of overall loss exposure for all cases is updated periodically, in conjunction with third-party estimates, giving consideration for new developments in each case. Once the aggregate insurance loss exposure has been determined for any policy year, the Group recognizes its loss exposure if it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. The Group then calculates its total loss exposure consistent with its applicable retention for the policy year. Such amount above the self-insured retention is recognized as a reinsurance receivable as it is virtually certain of

collection (see Note 2.18). The Group reviews the reinsurance recoverable at each reporting period and the facts and circumstances to the matters to ensure that the receivable remains virtually certain. If it is determined that it is no longer virtually certain, the receivable will be derecognized and expensed within the period that determination is reached.

(f) Accrued warranty

The Group recognized provision for expected warranty claims during the first two or three years, depending on model type, after the product is sold based on experience of the level of repair and returns. The assumptions used to calculate the provision for warranties were based on current sales levels and current information available about repairs and returns based on the warranty period for all products sold. Management reassesses these estimates at the end of each reporting date.

5 Revenue and segment information

The CODM has been identified as the Chief Executive Officer and executive management of the Company that make strategic decisions. The CODM regard the Group's business as a single operating segment and review consolidated financial statements accordingly. As the Group has only one operating segment qualified as reporting segment under IFRS 8 and the information that regularly reviewed by the directors of the Group for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Group, no separate segmental analysis is presented in the consolidated financial statements.

Revenue from external customers is measured in a manner consistent with that in the consolidated financial statements of profit or loss.

Since over 90% of the Group's revenue and operating profit are generated from transactions that are registered and closed within the United States, no geographical information is presented.

During the Track Record Period, no customer individually contributes 10% or above of the Group's total revenue. Accordingly, no analysis of major customers was presented for the Track Record Period.

The revenue breakdown of different revenue streams for the years ended December 31, 2021, 2022 and 2023 is as follows:

	Year ended December 31, 2021		
	Aircraft	Cirrus Services & Other *(Note)*	Total
	US$'000	*US$'000*	*US$'000*
Revenue from external customers	619,612	118,518	738,130
Timing of revenue recognition			
— At a point in time	619,612	75,477	695,089
— Over time	—	43,041	43,041
Total	619,612	118,518	738,130

	Year ended December 31, 2022		
	Aircraft	Cirrus Services & Other *(Note)*	Total
	US$'000	*US$'000*	*US$'000*
Revenue from external customers	759,740	134,342	894,082
Timing of revenue recognition			
— At a point in time	759,740	96,970	856,710
— Over time	—	37,372	37,372
Total	759,740	134,342	894,082

	Year ended December 31, 2023		
	Aircraft	Cirrus Services & Other *(Note)*	Total
	US$'000	*US$'000*	*US$'000*
Revenue from external customers	915,654	152,054	1,067,708
Timing of revenue recognition			
— At a point in time	915,654	110,824	1,026,478
— Over time	—	41,230	41,230
Total	915,654	152,054	1,067,708

Note: Revenue from Cirrus Services & Other includes sales and services made to related parties of the Group (Note 31).

6 Expenses by nature

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Employee benefit expenses *(Note 8)*	167,343	206,667	254,299
Raw materials	294,487	336,401	394,044
Preflown inventory	9,597	21,313	26,255
Insurance and product liability	8,957	8,539	17,904
Outside commissions and referrals	11,743	15,730	17,594
Lease expenses	3,613	4,281	4,728
Depreciation of property, plant, and equipment *(Note 13)*	18,248	13,596	16,857
Depreciation of right-of-use assets *(Note 24)*	2,507	3,995	4,068
Amortization of intangible assets *(Note 14)*	14,421	15,866	15,650
Advertising costs	9,489	10,438	13,283
[REDACTED] expenses	—	—	7,243
Legal and professional fees *(Note)*	9,595	10,415	13,296
Supplies	9,058	10,831	13,259
Repairs and maintenance	11,314	15,738	19,107
Service expenses	58,824	70,381	87,132
Utilities	3,441	5,028	5,133
Freight charges	2,649	4,337	4,232
Research	5,556	10,265	9,455
Vehicle expense	3,211	4,522	4,904
Travel and entertainment	2,355	4,268	5,142
Meetings	1,619	2,988	3,426
Real estate and miscellaneous tax	1,058	1,355	1,388
Other expenses	6,822	9,774	6,567
Total cost of sales, selling and marketing, general and administrative expenses	655,907	786,728	944,966

Note: Auditor's remuneration

The following table represents remuneration for professional services rendered by the Company's auditor for the audit of Company's consolidated financial statements for the years ended December 31, 2021, 2022 and 2023, and fees billed for other non-audit services rendered by the auditor during those years. Expenses for auditor remuneration are included in legal and professional fees above.

	Year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Audit fees	459	442	925
Non-audit fees	75	85	—
Total	534	527	925

7 Other income, net

	Year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Government grant	5,125	4,206	—
Others	2,361	573	1,372
	7,486	4,779	1,372

There are no unfulfilled conditions or other contingencies attaching to these government grants.

8 Employee benefit expenses

Employee benefit expenses incurred for the years and included in the profit or loss are presented as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Wages and salaries	141,540	173,667	212,413
Pension costs — defined contribution plans	3,909	5,326	7,091
Insurance and other benefits	12,767	16,253	22,305
Payroll taxes	9,127	11,421	12,490
Total employee benefit expenses	167,343	206,667	254,299

In addition, the Group has capitalized employee benefit expenses associated with property, plant and equipment, and intangible assets (development activities) of approximately US$7,824,000, US$15,949,000 and US$23,503,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

The Group maintains a defined contribution deferred compensation plan under Section 401(k) of the Internal Revenue Code. Under the Plan, employees may elect to defer up to 100 percent of their salary, subject to U.S. Internal Revenue Service limit. In 2020, the Group increased their safe harbor contribution up to 5 percent of an employees' annual salary. The Group may make an additional discretionary matching contribution, subject to approval by the Board of Directors. In 2021, 2022 and 2023, the Group made contributions of approximately US$3,909,000, US$5,326,000 and US$7,091,000, respectively.

During the years ended December 31, 2021, 2022 and 2023, no forfeited contributions were utilized by the Group to reduce its contributions for the years.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1 director for the years ended December 31, 2021, 2022 and 2023, whose emoluments are reflected in the analysis shown in Note 33. The emoluments payable to the remaining 4 individuals during the relevant years are as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Wages and salaries	1,857	1,731	1,816
Pension costs — defined contribution plans	36	39	56
Insurance and other benefits	3,678	2,947	3,728
	5,571	4,717	5,600

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,		
	2021	2022	2023
Emolument bands (in HK$)			
HK$6,000,001 — HK$6,500,000	—	1	—
HK$6,500,001 — HK$7,000,000	—	—	1
HK$7,500,001 — HK$8,000,000	1	—	—
HK$9,000,001 — HK$9,500,000	—	1	—
HK$10,000,001 — HK$10,500,000	—	1	—
HK$11,000,001 — HK$11,500,000	1	1	—
HK$12,000,001 — HK$12,500,000	2	—	3

9 Finance costs

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Interest expenses on			
— borrowings	2,090	2,596	4,818
— lease liabilities	1,419	603	711
	3,509	3,199	5,529

10 Income tax

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands and is not subject to corporate income taxes.

(b) US Corporation tax

The Group's subsidiaries in the United States are subject to US federal and state income tax. US federal tax have been provided at the rate of 21% on the estimated assessable profit during the years ended December 31, 2021, 2022 and 2023, respectively, while the state income tax rate varies by state.

(c) The United Kingdom ("UK") corporate income tax

The Group's subsidiary in the United Kingdom is subject to UK corporation income tax and have been provided at the rate of 19% on the estimated assessable profit during the years ended December 31, 2021, 2022 and 2023.

(d) The amount of income tax charged to the consolidated statements of profit or loss represents:

	Year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Current income tax:			
— Current tax for the year	8,919	26,781	31,429
— Under/(over) provision in prior year	213	1,765	(1,997)
Deferred income tax *(Note 28)*	4,665	(7,688)	(1,990)
Total	13,797	20,858	27,442

(e) The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate in US as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Profit before income taxes	86,200	108,934	118,585
Calculated at a taxation rate of 21%	18,102	22,876	24,903
Change in deferred rate	847	97	210
Deferred tax assets not previously expected to be utilized	(2,566)	(1,570)	(795)
Corporate state tax charged	1,561	1,958	2,629
Expenses (benefit) for excludable items	(3,014)	(2,049)	(111)
Tax credits	(659)	(1,638)	(3,224)
Withholding tax	—	—	3,000
Others	(474)	1,184	830
Income tax expenses for the year	13,797	20,858	27,442

The effective tax rate was 16.0 percent, 19.1 percent and 23.1 percent for the years ended December 31, 2021, 2022 and 2023, respectively.

(f) IAS 12 Income Taxes Amendment

In May, 2023, the IASB published an amendment to IAS 12 Income Taxes. This amendment introduced a temporary exception from accounting for deferred taxes arising from the implementation of the OECD Pillar Two model rules. In accordance with the amendment, the Company has applied the temporary exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

11 Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the years ended December 31, 2021, 2022 and 2023.

	Year ended December 31,		
	2021	2022	2023
Profit attributable to the owners of the Company (US$'000)	72,403	88,076	91,143
Weighted average number of ordinary shares in issue	155,481,659	155,481,659	155,481,659
Basic earnings per share (expressed in US$/share)	0.47	0.57	0.59

(b) Diluted earnings per share

As the Company has no dilutive instruments for the years ended December 31, 2021, 2022 and 2023, the Group's diluted earnings per share equals to its basic earnings per share.

12 Dividends

In June 2023, the Company declared and paid an interim dividend to CAIGA Hong Kong in the amount of US$6,500,000 in respect of the Group's profits.

13 Property, plant and equipment

	Buildings	Machinery and equipment	Aircraft and vehicles	Office equipment	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2021						
Cost	42,209	65,018	30,837	22,592	3,487	164,143
Accumulated depreciation	(13,637)	(39,576)	(8,670)	(15,578)	—	(77,461)
Net book amount	28,572	25,442	22,167	7,014	3,487	86,682
Year ended December 31, 2021						
Opening net book amount	28,572	25,442	22,167	7,014	3,487	86,682
Additions	15,668	2,236	6,662	1,138	20,108	45,812
Disposals	—	—	(1,498)	—	—	(1,498)
Depreciation charge	(1,320)	(11,068)	(3,069)	(2,791)	—	(18,248)
Closing net book amount	42,920	16,610	24,262	5,361	23,595	112,748
At December 31, 2021						
Cost	57,877	67,254	35,835	23,730	23,595	208,291
Accumulated depreciation	(14,957)	(50,644)	(11,573)	(18,369)	—	(95,543)
Net book amount	42,920	16,610	24,262	5,361	23,595	112,748
Year ended December 31, 2022						
Opening net book amount	42,920	16,610	24,262	5,361	23,595	112,748
Additions	16,480	9,240	6,919	4,698	25,316	62,653
Disposals	—	(21)	—	—	—	(21)
Depreciation charge	(2,409)	(4,026)	(4,071)	(3,090)	—	(13,596)
Closing net book amount	56,991	21,803	27,110	6,969	48,911	161,784
At December 31, 2022						
Cost	74,357	76,473	42,350	28,428	48,911	270,519
Accumulated depreciation	(17,366)	(54,670)	(15,240)	(21,459)	—	(108,735)
Net book amount	56,991	21,803	27,110	6,969	48,911	161,784
Year ended December 31, 2023						
Opening net book amount	56,991	21,803	27,110	6,969	48,911	161,784
Additions	—	—	2,368	3,994	46,950	53,312
Transfer	33,286	11,987	8,631	12,612	(66,516)	—
Disposals	—	(30)	—	(276)	—	(306)
Depreciation charge	(2,261)	(5,147)	(4,255)	(5,194)	—	(16,857)
Closing net book amount	88,016	28,613	33,854	18,105	29,345	197,933
At December 31, 2023						
Cost	107,643	88,430	53,349	44,758	29,345	323,525
Accumulated depreciation	(19,627)	(59,817)	(19,495)	(26,653)	—	(125,592)
Net book amount	88,016	28,613	33,854	18,105	29,345	197,933

Details of the property, plant and equipment pledged to the Group's borrowings are included in Note 23.

14 Goodwill and intangible assets

	Trademark	Customer relationships	Aircraft type certificates	Internally developed intangible assets	Sub-total	Goodwill	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At January 1, 2021							
Cost	19,600	400	244,912	17,473	282,385	115,923	398,308
Accumulated amortization	—	(400)	(45,644)	(4,820)	(50,864)	—	(50,864)
Net book amount	19,600	—	199,268	12,653	231,521	115,923	347,444
Year ended December 31, 2021							
Opening net book amount	19,600	—	199,268	12,653	231,521	115,923	347,444
Additions	—	—	—	8,401	8,401	—	8,401
Amortization charge	—	—	(10,384)	(4,037)	(14,421)	—	(14,421)
Closing net book amount	19,600	—	188,884	17,017	225,501	115,923	341,424
At December 31, 2021							
Cost	19,600	400	244,912	25,875	290,787	115,923	406,710
Accumulated amortization	—	(400)	(56,028)	(8,858)	(65,286)	—	(65,286)
Net book amount	19,600	—	188,884	17,017	225,501	115,923	341,424
Year ended December 31, 2022							
Opening net book amount	19,600	—	188,884	17,017	225,501	115,923	341,424
Additions	—	—	—	21,685	21,685	—	21,685
Amortization charge	—	—	(11,452)	(4,414)	(15,866)	—	(15,866)
Closing net book amount	19,600	—	177,432	34,288	231,320	115,923	347,243
At December 31, 2022							
Cost	19,600	400	244,912	47,559	312,471	115,923	428,394
Accumulated amortization	—	(400)	(67,480)	(13,271)	(81,151)	—	(81,151)
Net book amount	19,600	—	177,432	34,288	231,320	115,923	347,243
Year ended December 31, 2023							
Opening net book amount	19,600	—	177,432	34,288	231,320	115,923	347,243
Additions	—	—	—	29,503	29,503	—	29,503
Amortization charge	—	—	(12,468)	(3,182)	(15,650)	—	(15,650)
Closing net book amount	19,600	—	164,964	60,609	245,173	115,923	361,096
At December 31, 2023							
Cost	19,600	400	244,912	77,062	341,974	115,923	457,897
Accumulated amortization	—	(400)	(79,948)	(16,453)	(96,801)	—	(96,801)
Net book amount	19,600	—	164,964	60,609	245,173	115,923	361,096

Details of the Group's intangible assets pledged to the Group's borrowings are included in Note 23.

The Group's goodwill is related to the acquisition of Cirrus Industries, Inc. in 2011.

Impairment tests for goodwill and trademark

The Group assesses whether there has been an impairment of goodwill and trademark annually or whenever an event occurs, or circumstances change that would indicate the carrying amount may be impaired. The recoverable amount of the cash generating unit was determined based on a value-in-use discounted cash flow calculation which requires the use of assumptions. The discounted cash flow calculation uses cash flow projections developed based on financial budgets approved by management of the cash generating unit covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated annual growth of three percent. A pre-tax discount rate of approximately 18 percent was adopted for the valuation, which reflects market assessments of time value and the specific risks relating to the industry that the cash generating unit operates. The financial projections were determined by management based on past performance and its expectation for market development. The recoverable amount of the cash generating unit was determined to be in excess of the carrying value and is not unduly sensitive to changes in management's stated assumptions.

In accordance with IAS 36, the impairment assessment will be performed for year-end reporting. For the impairment test for goodwill and trademark as of December 31, 2021, 2022 and 2023, the key assumptions used in the value-in-use calculations are disclosed below:

	As of December 31,		
	2021	2022	2023
Pre-tax discount rate	18%	18%	18%
Gross profit margin	37%	37%	35%
Long term growth rate	3%	3%	3%

Based on the results of the impairment assessment, the directors of the Group concluded that no impairment on goodwill and trademark has to be recognized during the Track Record Period.

Sensitivity analysis

Based on the results of goodwill and trademark impairment testing, the estimated recoverable amounts as of December 31, 2021, 2022 and 2023 amounted to US$999,501,000, US$1,109,022,000 and US$1,077,555,000, respectively.

Possible change in key assumptions	Recoverable amount of the CGU exceeding its carrying amount by		
	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Pre-tax discount rate increase by 3%	556,036	567,070	460,427
Gross profit margin decrease by 3%	560,127	558,867	444,844
Long term growth rate decrease by 1%	662,453	685,283	570,353

15 Financial assets at fair value through other comprehensive income

The balance represents investment in debt securities by the Group. The fair values of such financial assets are within level 2 of the fair value hierarchy (Note 3.3).

16 Financial assets at fair value through profit or loss

Movements of the Group's financial assets at fair value through profit or loss are as follows:

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Mutual funds			
At beginning of the year	2,228	1,145	1,017
Purchase	527	397	424
Disposal	(2,024)	(152)	(118)
Fair value adjustments	414	(373)	295
At end of the year	1,145	1,017	1,618

All financial assets at fair value through profit or loss are denominated in US$ as of December 31, 2021, 2022 and 2023.

The fair values of such financial assets are within level 1 of the fair value hierarchy (Note 3.3).

17 Advances to suppliers

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Advances to suppliers	9,347	9,880	21,020
Less: Non-current advances to suppliers	(2,823)	(4,559)	(8,832)
Current portion of advances to suppliers	6,524	5,321	12,188

The carrying amounts of the Group's advances to suppliers were denominated in US$.

18 Inventories

Inventory balances as of December 31, 2021, 2022 and 2023 are as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Raw materials	46,696	75,664	89,804
Work in process	44,294	39,672	40,977
Finished goods	7,483	—	2,854
Preflown inventory	3,622	—	5,260
Merchandise	672	903	881
	102,767	116,239	139,776
Less: provision for inventory obsolescence	(2,059)	(3,222)	(5,210)
	100,708	113,017	134,566

The amount of inventories recognized as "raw materials" in cost of sales during the years ended December 31, 2021, 2022 and 2023 amounted to US$294,487,000, US$336,401,000 and US$394,044,000 respectively.

Provision for impairment of US$678,000, US$1,578,000 and US$4,877,000 were recognized for the years ended December 31, 2021, 2022 and 2023, respectively, in the consolidated statements of profit or loss as cost of sales.

19 Accounts, notes and other receivables and prepayments

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Current portion			
Accounts receivables	4,208	6,745	9,752
Less: Provision for impairment *(Note (i))*	(191)	(909)	(2,353)
Accounts receivables, net	4,017	5,836	7,399
Notes and other receivables *(Note (ii))*	1,388	8,154	1,003
Prepaid **[REDACTED]** expenses	—	—	1,267
	5,405	13,990	9,669
Non-current portion			
Notes receivables	62	21	—

Note:

(i) The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all accounts receivables. Information about the impairment of accounts receivables and the Group's exposure to credit risk has been disclosed in Note 3.1.

(ii) Notes and other receivables comprise insurance receivables of US$343,000, US$1,763,000 and US$283,000 as of December 31, 2021, 2022 and 2023, respectively. In addition, notes and other receivables comprise other receivables of US$1,045,000, US$6,391,000 and US$720,000 as of December 31, 2021, 2022 and 2023, respectively.

Accounts receivables comprised credit to customers, including individuals and service center network, who purchase aviation parts for repairs. Standard invoice terms for sales of aircraft and sales of aviation parts are due upon delivery and 30 days, respectively.

The aging analysis of accounts receivables based on the invoice date is as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Current–60 days	4,011	6,238	7,325
61–90 days	185	386	893
91–120 days	12	121	854
Over 120 days	—	—	680
	4,208	6,745	9,752

The Group establish an allowance based upon factor surrounding the credit risk of specific customers, customer payment history and other factors.

Movements in the provision for impairment of accounts receivables that are assessed for impairment collectively are as follows:

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
At beginning of the year	304	191	909
Provision for impairment recognized during the year	—	727	1,444
Receivables written off during the year as uncollectible	(113)	(9)	—
At end of the year	191	909	2,353

The carrying value of the Group's accounts and other receivables approximate their fair value and mainly denominated in US$.

20 Cash and cash equivalents — Group and Company

(a) Cash and cash equivalents — Group

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Cash at banks and on hand	179,841	241,701	245,314
Short-term bank deposits	1,540	1,553	1,555
	181,381	243,254	246,869

(b) Cash and cash equivalents — Company

The balance represents the cash at a bank as of December 31, 2023.

21 Share capital and reserve — Group and Company and investment in a subsidiary

(a) Share capital — Group and Company

	The Company	
	Number of shares	Nominal value US$
Authorized		
250,000,000 ordinary shares of US 1 each as of December 31, 2021, 2022 and 2023	250,000,000	250,000,000
Issued:		
As of January 1, 2021, December 31, 2021, 2022 and 2023	155,481,659	155,481,659

(b) Reserves — Group

	Capital reserve *(Note)*	Fair value reserve of FVOCI assets
	US$'000	*US$'000*
Balance as of January 1, 2021	(113,482)	9
Fair value loss on financial assets at FVOCI, net of tax	—	(5)
Balance as of December 31, 2021	(113,482)	4
Balance as of January 1, 2022	(113,482)	4
Fair value loss on financial assets at FVOCI, net of tax	—	(1)
Balance as of December 31, 2022	(113,482)	3
Balance as of January 1, 2023	(113,482)	3
Fair value gain on financial assets at FVOCI, net of tax	—	1
Balance as of December 31, 2023	(113,482)	4

Note:

Capital reserves represents the combined paid-in capital of the group companies after elimination of inter-company investments and the debit to capital reserves arising from the allotment and issuance of ordinary shares of the Company upon completion of the Reorganization.

(c) Reserve — Company

The balance represents capital reserve in the Company arising from the allotment and issuance of ordinary shares of the Company upon the completion of the Reorganization (Note 1.2).

(d) Investment in a subsidiary — Company

As of December 31, 2021, 2022 and 2023, the balance represents the Company's interest in Cirrus Industries, Inc.. Details of the subsidiaries of the Company are disclosed in Note 1.2.

22 Accounts and other payables

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Accounts payables	41,651	45,078	42,428
Employee wages and benefits payable	41,976	48,379	60,530
Accrued liabilities	2,897	16,908	10,033
Customer deposits	145,204	165,105	149,466
Interest payable	68	210	121
	231,796	275,680	262,578

The aging analysis of the accounts payables based on invoice date was as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Current–30 days	41,128	44,168	42,013
31–60 days	22	201	—
61–120 days	5	325	7
over 120 days	496	384	408
	41,651	45,078	42,428

The carrying values of the accounts and other payables approximate their fair values as of December 31, 2021, 2022 and 2023.

23 Borrowings

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Non-current			
Long-term bank borrowings	66,735	71,250	63,750
Long-term other borrowings	4,938	4,444	4,000
Less: current portion of long-term bank and other borrowings	(15,360)	(8,044)	(11,801)
	56,313	67,650	55,949
Current			
Current portion of long-term bank borrowings	14,830	7,500	11,250
Current portion of long-term other borrowings	530	544	551
	15,360	8,044	11,801
	71,673	75,694	67,750

The carrying amounts of the Group's borrowings approximate their fair values since the interest payable on those borrowings is close to the current market rates. The Group's borrowings from a commercial bank bear interest at the 30 day SOFR average rate plus 1.85%. These borrowings are collateralized by a security interest in substantially all the tangible and intangible assets of the Group. The Group's borrowings from a local government entity bear interest at 3% and are collateralized by the related property.

The borrowings from a commercial bank carry certain covenants based on financial and non-financial measures. The Group was in compliance with all covenants as of December 31, 2021, 2022 and 2023.

Future contractual maturities of long-term debts are as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Within one year	15,360	8,044	11,801
Greater than one year and less than two years	52,349	11,712	15,531
Greater than two years and less than five years	1,590	54,144	39,198
More than five years	2,374	1,794	1,220
	71,673	75,694	67,750

(i) Revolving borrowings

In July 2022, the Group entered into a credit agreement which contained both a committed and uncommitted revolving line of credit. The committed line of credit is not to exceed US$37,500,000 and is collateralized by the assets of the Group and equity interests in Cirrus Industries, Inc. The uncommitted line of credit is not to exceed US$50,000,000 and if exercised is collateralized by the assets of and equity interests in the Group. As of December 31, 2022 and 2023, there was no amount outstanding on the revolving line of credit.

24 Right-of-use assets and lease liabilities

Details of the right-of-use assets and lease liabilities are as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Right-of-use assets			
Building	10,149	12,318	7,134
Equipment	104	400	735
Land	1,556	3,154	3,965
Aircraft	467	250	66
Vehicles	507	628	1,049
	12,783	16,750	12,949
Lease liabilities			
Current	2,641	6,472	2,950
Non-current	11,764	11,920	12,070
	14,405	18,392	15,020

Additions to the right-of-use assets were US$7,016,000, US$12,458,000 and US$4,045,000 for the years ended December 31, 2021, 2022 and 2023, respectively. Disposals and expirations of right-of-use assets were US$15,820,000, US$7,206,000 and US$4,472,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

Amount recognized in the consolidated statements of profit or loss are as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Depreciation charge of right-of-use assets			
Building	1,992	3,324	3,156
Equipment	54	155	286
Land	55	103	126
Aircraft	237	232	239
Vehicles	169	181	261
	2,507	3,995	4,068
Interest expense	1,419	603	711
Expenses relating to short-term leases	3,613	4,281	4,728

The total cash outflow for leases was US$6,137,000, US$8,255,000 and US$8,312,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

The Group leases various offices, warehouses, equipment, vehicles and aircraft. Rental contracts are typically made for fixed periods of 1 year to 50 years but may have extension options. Extension options are included in various building and land leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. Extension options held are exercisable only by the Group and not by the respective lessor.

25 Accrued warranty

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
At beginning of the year	13,783	21,047	19,471
Additions	19,847	12,406	16,927
Settlements made	(11,296)	(16,822)	(10,351)
Change in estimate	(1,287)	2,840	1,850
At end of the year	21,047	19,471	27,897
Representing:			
Non-current portion	4,043	4,905	7,363
Current portion	17,004	14,566	20,534
Total	21,047	19,471	27,897

26 Accrued product liability

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
At beginning of the year	27,035	33,434	57,457
Additional unlimited loss expense incurred	11,150	37,873	28,000
Reduction in unlimited loss expense	(1,100)	(2,100)	(2,093)
Settlements paid	(3,651)	(11,750)	(48,039)
At end of the year	33,434	57,457	35,325

For many insurance policies that an entity may purchase from an unrelated third-party insurer, the purchasing entity remains the primary obligor for a claim made by another individual or entity. Therefore, an entity would need to recognize, measure, and present the claim liability as an obligation without considering the potential insurance recovery. Separately, the entity would then recognize and present a receivable for the insurance recovery that it is entitled to receive.

The Group is subject to product liability claims in the normal course of business. The Group purchases insurance policies to protect against losses related to product liability claims, hull losses for aircraft in the corporate owned fleet, excess general liability, and other physical damage. These policies carry various coverage limits and cover losses and fees for litigation and defense on product liability.

The Group retains self-insured exposure for product liability losses and defense costs up to maximum per occurrence and aggregate limits on the entire product liability policy. The following table represents the Group's aggregate exposure for these self-insured retention measures, in addition to the annual policy premium, indicating that the Group would pay up to this maximum level for any losses, settlement, and fees incurred for covered claims related to incidents occurring in the policy year.

Policy year ended June 30	Aggregate exposure
	US$'000
2015–2016	5,640
2016–2017	3,935
2017–2018	3,791
2018–2019	3,760
2019–2020	3,680
2020–2021	3,880
2021–2022	4,000
2022–2023	4,000
2023–2024	4,745

The Group also maintains a 100 percent wholly owned captive insurance subsidiary. The 100 percent wholly owned captive insurer issued an indemnity policy to the Group for 100 percent of the value of any losses incurred under its self-insured retention policy years, as well as a legal liability reinsurance policy for a portion of its product liability coverage, which is fully reinsured by third-party insurers. During the 2023-2024 policy year ended June 30, the Group directly incurs the first US$4,745,000 of any losses, settlement, and fees incurred for covered claims related to incidents occurring in the policy year. Once the Group has incurred the aggregate US$4,745,000 of expenses, the captive insurer's indemnity policy will cover 46.25 percent of the expense through reinsurance policies exceeding US$4,745,000. The remaining 53.75 percent is covered by other insurers. The insured limit of liability is US$150,000,000.

27 Contract liabilities and contract assets

Details of the contract liabilities as of December 31, 2021, 2022 and 2023 are as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Contract assets	(2,134)	(355)	(327)
Contract liabilities	80,733	85,517	102,288
Contract liabilities, net	78,599	85,162	101,961
Current contract (assets)/liabilities			
Extended warranty	4,854	5,356	5,499
Maintenance	23,486	29,607	36,916
Commissions	(175)	(203)	(215)
Other	9,424	4,583	2,826
	37,589	39,343	45,026
Non-current contract (assets)/liabilities			
Extended warranty	17,135	19,909	25,077
Maintenance	24,020	26,062	31,970
Commissions	(145)	(152)	(112)
	41,010	45,819	56,935

The overall contract liabilities increased as a result of the growth of the Group's business.

Revenue recognized for extended warranties was US$4,088,000, US$4,854,000 and US$5,336,000 for the years ended December 31, 2021, 2022 and 2023, respectively, representing contract liabilities recognized in the prior year. The Group also recognized revenue for maintenance contracts of US$16,728,000, US$23,486,000 and US$29,607,000 for the years ended December 31, 2021, 2022 and 2023, respectively, representing contract liabilities recognized in the prior year.

The following table shows unsatisfied performance obligations relating to the sales of aircraft and the provision of Cirrus Services & Others during the Track Record Period:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Aggregate amount of the transaction price allocated to unsatisfied performance obligations	1,392,010	1,813,819	1,729,047

Management expects that 44% of the transaction price allocated to unsatisfied performance obligations as of December 31, 2023 will be recognized as revenue during the next reporting period. The remaining will be recognized in the 2025 and 2026 financial years. The amount disclosed above does not include variable consideration which is constrained.

28 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Deferred income tax assets — to be recovered after more than 12 months	(34,147)	(45,588)	(61,856)
Deferred income tax liabilities — to be recovered after more than 12 months	58,985	62,738	77,016

The movement of the net deferred tax liabilities account is as follows:

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
At beginning of the year	20,173	24,838	17,150
Debited/(credited) to consolidated statement of profit or loss *(Note 10)*	4,665	(7,688)	(1,990)
At end of the year	24,838	17,150	15,160

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Accrued liabilities	Accrued product liability	Net operating losses	Tax credits	Capitalized research expenses	Lease liabilities	Other
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended December 31, 2021							
Opening book amount	(16,831)	(2,200)	(4,633)	(13,400)	—	(5,205)	(1,034)
(Credited)/charged to profit or loss	(6,606)	(658)	136	11,584	—	2,979	1,721
Closing book amount	(23,437)	(2,858)	(4,497)	(1,816)	—	(2,226)	687
Year ended December 31, 2022							
Opening book amount	(23,437)	(2,858)	(4,497)	(1,816)	—	(2,226)	687
Charged/(credited) to profit or loss	1,266	(603)	1,003	80	(7,423)	(872)	(4,892)
Closing book amount	(22,171)	(3,461)	(3,494)	(1,736)	(7,423)	(3,098)	(4,205)
Year ended December 31, 2023							
Opening book amount	(22,171)	(3,461)	(3,494)	(1,736)	(7,423)	(3,098)	(4,205)
Charged/(credited) to profit or loss	(8,388)	38	2,537	29	(11,839)	(86)	1,441
Closing book amount	(30,559)	(3,423)	(957)	(1,707)	(19,262)	(3,184)	(2,764)

Deferred income tax liabilities

	Right-of-use assets	Property, plant and equipment	Intangible assets
	US$'000	*US$'000*	*US$'000*
Year ended December 31, 2021			
Opening book amount	5,232	10,349	47,895
(Credited)/charged to profit or loss	(3,971)	(1,674)	1,154
Closing book amount	1,261	8,675	49,049
Year ended December 31, 2022			
Opening book amount	1,261	8,675	49,049
Charged/(credited) to profit or loss	2,820	2,483	(1,550)
Closing book amount	4,081	11,158	47,499
Year ended December 31, 2023			
Opening book amount	4,081	11,158	47,499
(Credited)/charged to profit or loss	(895)	5,247	9,926
Closing book amount	3,186	16,405	57,425

As of December 31, 2021, the Group carried a net deferred tax liability of US$24,838,000. Deferred tax assets for unused federal tax losses of US$23,848,000, state tax losses of US$5,581,000 and tax credits of US$2,771,000 as of December 31, 2021 have not been recognized and are either subject to Section 382 limitations or are expected to expire unused.

As of December 31, 2022, the Group carried a net deferred tax liability of US$17,150,000. Deferred tax assets for unused federal tax losses of US$23,848,000, state tax losses of US$4,156,000 and tax credits of US$2,626,000 as of December 31, 2022 have not been recognized and are either subject to Section 382 limitations or are expected to expire unused.

As of December 31, 2023, the Group carried a net deferred tax liability of US$15,160,000. Deferred tax assets for unused federal tax losses of US$23,848,000, state tax losses of US$2,580,000 and tax credits of US$2,574,000 as of December 31, 2023 have not been recognized and are either subject to Section 382 limitations or are expected to expire unused.

Regardless of management's expectations, there can be no assurance that the Group will generate any specific level of continuing earnings.

The Group has uncertain tax positions for certain tax credit carryforwards in the amounts of US$2,760,000, US$3,281,000 and US$3,957,000 as of December 31, 2021, 2022 and 2023, respectively.

Deferred income tax liabilities of approximately US$77,596,000, US$104,019,000 and US$128,633,000 for the years ended December 31, 2021, 2022 and 2023, respectively, have not been recognized for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled of approximately US$258,654,000, US$346,729,000 and US$431,372,000 at December 31, 2021, 2022 and 2023, respectively.

Starting in 2022, the Group is required to capitalize their research & development expenses and amortized over a period of 5 years if it is incurred within the United States or 15 years if it is incurred out of the United States for tax purposes. As of December 31, 2022 and 2023, the Group has capitalized research expenses of approximately US$7,423,000 and US$19,262,000, respectively.

29 Commitments

(i) Capital commitments

As of December 31, 2021, 2022 and 2023, the Group's capital commitment on property, plant and equipment amounted to approximately US$3 million, US$5 million and US$8 million, respectively.

30 Notes to consolidated statements of cash flows

(a) Net cash/(debt) reconciliation

The balances and movements of liabilities from financing activities for each of the years ended December 31, 2021, 2022 and 2023:

	As of December 31,		
	2021	**2022**	**2023**
	US$'000	*US$'000*	*US$'000*
Cash and cash equivalents	181,381	243,254	246,869
Borrowings	(71,673)	(75,694)	(67,750)
Lease liabilities	(14,405)	(18,392)	(15,020)
	95,303	149,168	164,099

	Cash and cash equivalents	Borrowings	Lease liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Net debt as of January 1, 2021	156,766	(195,292)	(22,146)	(60,672)
Cash flows	24,615	123,619	2,524	150,758
Non-cash movement — interest expenses	—	—	(1,419)	(1,419)
Non-cash movement — inception of lease contracts	—	—	(7,016)	(7,016)
Non-cash movement — disposal and expirations	—	—	13,652	13,652
Net cash as of December 31, 2021	181,381	(71,673)	(14,405)	95,303
Cash flows	61,873	(4,021)	3,974	61,826
Non-cash movement — interest expenses	—	—	(603)	(603)
Non-cash movement — inception of lease contracts	—	—	(12,458)	(12,458)
Non-cash movement — disposal and expirations	—	—	5,100	5,100
Net cash as of December 31, 2022	243,254	(75,694)	(18,392)	149,168
Cash flows	3,615	8,044	3,629	15,288
Non-cash movement — interest expenses	—	—	(711)	(711)
Non-cash movement — inception of lease contracts	—	—	(4,045)	(4,045)
Non-cash movement — other	—	(100)	294	194
Non-cash movement — disposal and expirations	—	—	4,205	4,205
Net cash as of December 31, 2023	246,869	(67,750)	(15,020)	164,099

31 Related parties transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

Name of the related parties	Nature of relationship
AVIC	Controlling shareholder
CAIGA	Controlling shareholder
CAIGA Hong Kong	Controlling shareholder
AVIC General Huanan Aircraft Industry Co., Ltd. ("**AG Huanan**")	Subsidiary of CAIGA
AVIC GENERAL Service Co., Ltd. ("**AG Services**")	Subsidiary of CAIGA
China Aviation Industry General Aircraft Zhejiang Institute Co., Ltd. ("**AG Zhejiang**")	Subsidiary of CAIGA
Continental Aerospace Technologies, Inc. ("**Continental**")	Associate of AVIC

(b) Significant transactions with related parties

	Year ended December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Aircraft development fee — AG Zhejiang	19,871	5,506	4,705
Provision of procurement support and technical support service — AG Zhejiang	381	953	772
Provision of aircraft products — AG Services	3,710	1,799	2,161
Aircraft kits sale — AG Huanan	14,813	11,263	3,046
Program services — AG Huanan	2,355	2,289	786
Purchase of engines and parts — Continental	29,834	32,601	43,913

(c) Year end balances with related parties

	As of December 31,		
	2021	2022	2023
	US$'000	*US$'000*	*US$'000*
Amounts due from related parties	3,679	4,800	9,641
Amounts due to related parties	(3,173)	(1,941)	(1,891)

The amounts due from/(to) related parties are trade in nature, unsecured, interest-free and repayable on demand. The carrying value of these balance approximate their fair value are and denominated in US$.

32 Key management compensation

The remuneration for key management personnel of the Group, including amounts paid to the Group's director as disclosed in Note 33 and certain highest paid individuals as disclosed in Note 8(a).

33 Benefits and interests of directors

(a) Directors' emoluments

The remuneration shown below represents remuneration received by the directors in their capacity as directors of the companies comprising the Group during the Track Record Period.

The remuneration of each director for the year ended December 31, 2021 are set out as follows:

Name	Director's fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-executive directors							
Mr. Qingchun SONG	—	—	—	—	—	—	—
Mr. Liang LIU *(i)*	—	—	—	—	—	—	—
Executive director and Chief executive							
Mr. Zean Hoffmeister Vang NIELSEN *(ii)*	—	837	3,374	—	10	—	4,221
Total	—	837	3,374	—	10	—	4,221

(i) Mr. Liang LIU was appointed as the non-executive director of the Group in April 2021.

(ii) Mr. Zean Hoffmeister Vang NIELSEN was appointed as the executive director of the Group in April 2021.

The remuneration of each director for the year ended December 31, 2022 are set out as follows:

Name	Director's fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-executive directors							
Mr. Qingchun SONG	—	—	—	—	—	—	—
Mr. Liang LIU	—	—	—	—	—	—	—
Executive director and Chief executive							
Mr. Zean Hoffmeister Vang NIELSEN	—	845	2,470	—	11	—	3,326
Total	—	845	2,470	—	11	—	3,326

The remuneration of each director for the year ended December 31, 2023 are set out as follows:

Name	Director's fees	Salary	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-executive directors							
Mr. Qingchun SONG	—	—	—	—	—	—	—
Mr. Liang LIU	—	—	—	—	—	—	—
Mr. Lei YANG *(iii)*	—	—	—	—	—	—	—
Mr. Yihui LI *(iii)*	—	—	—	—	—	—	—
Executive director and Chief executive							
Mr. Zean Hoffmeister Vang NIELSEN	—	1,019	2,913	—	12	—	3,944
Executive director							
Mr. Hui WANG *(iii)*	—	—	—	—	—	—	—
Independent non-executive directors							
Mr. Ian H CHANG *(iii)*	—	—	—	—	—	—	—
Mr. Chung Man Louis LAU *(iii)*	—	—	—	—	—	—	—
Ms. Ferheen MAHOMED *(iii)*	—	—	—	—	—	—	—
Total	—	1,019	2,913	—	12	—	3,944

(iii) These director, non-executive directors and independent non-executive directors were appointed in June 2023.

(b) Consideration provided to third parties for making available directors' services

During the years ended December 31, 2021, 2022 and 2023, the Company did not pay consideration to any third parties for making available directors' services.

(c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

As of December 31, 2021, 2022 and 2023, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors.

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Track Record Period or at any time during the years ended December 31, 2021, 2022 and 2023.

34 Litigation and contingent liabilities

As of the date of this report, the Group had several claims which are mostly product liability cases. In these matters, the Group continues to vigorously defend its position and believes there is a reasonable possibility for a favorable outcome to the benefits of the Group, or if not, the Group has provided adequate provisions to cover potential losses, including a comprehensive liability insurance program.

Based on the development of the litigation and independent legal advice obtained, management considered that the ultimate disposition of these matters will not have a material adverse effect on the Group's consolidated financial position, results of operations, or liquidity.

The Group continually assesses the comprehensive liability insurance policies to determine if each case and claim are qualified as reinsurance recoverable as set out in Note 2.18. In connection with certain claims that reached final resolution in early 2023, the Group has not yet received the corresponding reimbursements from certain reinsurers pursuant to the reinsurance policy despite the Group has provided all claim support to the reinsurers. Taking into consideration advices from insurance broker, and the fact that other reinsurers in the aforesaid claims have already reimbursed the Group, the Directors maintain these claims are valid, covered by insurance and expect payments. The Group has engaged external counsel to serve demand payment notices to certain of these reinsurers but has not received any concrete response from the reinsurers to bring a

resolution of these outstanding reimbursements as of [the date of this report]. The timing and level of recovery from the reinsurers is uncertain at the current stage. Thus, the Group determined that balances are no longer virtually certain of collection and such balances amounting to US$7.9 million are derecognised in 2023. The related cost is charged to general and administration expenses in the consolidated statements of profit and loss.

The Group has not renewed its liability insurance policies with these reinsurers for the policy year from July 2023 to June 2024. In 2023, the Group replaced these reinsurers with different reinsurers and still maintained same insurance coverage.

35 Events after the reporting period

Pursuant to a management incentive plan adopted by Cirrus Industries Inc., the specific terms and conditions of the special cash bonus in an aggregate amount no less than 0.5% of the **[REDACTED]** of the Company immediately upon **[REDACTED]** will be submitted to the board of Cirrus Industries Inc. for approval and will be paid to the Group's key employees after the **[REDACTED]** of the Company. The estimated amount of the special cash bonus is of no less than US$**[REDACTED]** (based on the low-end of the Company's indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) or no less than US$**[REDACTED]** (based on the high-end of the Company's indicative **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised).

Pursuant to the written resolutions of the shareholder passed on [•], each share with par value US$1.00 in the then issued and unissued share capital of the Company will be subdivided into [two] shares with par value of US$0.50 each upon the **[REDACTED]** becoming unconditional. Following the share subdivision, the authorized share capital consists of US$250,000,000 divided into 500,000,000 shares with a par value of US$0.50 each.

Save as those disclosed in this note, there were no other material subsequent events took place after December 31, 2023.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2023 and up to the date of this report. Save as disclosed in this report, no other dividends or distribution has been declared or made by the Company or its subsidiaries in respect of any period subsequent to December 31, 2023.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [•] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in the section headed "Documents Available on Display" in "Appendix V — Documents Delivered to the Registrar of Companies and Available on Display".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [•] and include provisions to the following effect:

2.1 Directors

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant convertible promissory notes and warrants, options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all traveling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns the office of Director;

(ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(iv) the Director is found to be or becomes of unsound mind; or

(v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating

to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorized representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

(a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and

(d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorized representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorized shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which that person represents as that recognized clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorization, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year, to be held within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. The annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not

being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorized by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorized by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorize payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realized or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by check or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such check or warrant shall be made

payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorized representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (Including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorized representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorized representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

(a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;

(b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 December 2019 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e., the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a

restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents Available on Display" in "Appendix V — Documents Delivered to the Registrar of Companies and Available on Display". Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands on December 13, 2019 as an exempted company with limited liability. Our registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands. Our Company's headquarters is located at 4515 Taylor Circle, Duluth, Minnesota, 55811, the United States.

Accordingly, our Company's corporate structure and the Articles are subject to the relevant laws of the Cayman Islands. A summary of our Articles is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Law."

Our Company has established a principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 7, 2023. Ms. Hoi Ting WONG (黃凱婷) of TMF Hong Kong Limited at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notice in Hong Kong.

2. Changes in Share Capital of Our Company

As at December 13, 2019, being the date of incorporation of our Company, our registered share capital was US$50,000, divided into 50,000 ordinary shares with a par value of US$1.00 each. Upon incorporation, one fully paid ordinary Share of par value of US$1.00 was allotted and issued to the initial subscriber, an independent third party, on December 13, 2019, which was then transferred to CAIGA Hong Kong on the same date.

Immediately following the completion of the Share Subdivision and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the authorized share capital of our Company will be US$**[REDACTED]** divided into **[REDACTED]** Shares, and the issued share capital of our Company will be US$**[REDACTED]** divided into **[REDACTED]** Shares.

Save as disclosed herein, there has been no alteration in our share capital and no redemption, repurchase or sale of any of our share capital within two years immediately preceding the date of this Document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in 1.2 to the Accountant's Report as set out in Appendix I to this Document.

For details of our principal subsidiaries, please see the section headed "History, Reorganization and Corporate Structure — Our Corporate Development — Our Principal Subsidiaries".

There has been no alteration in the share capital of any of the principal subsidiaries of the Company within the two years immediately preceding the date of this Document.

4. Resolutions of Our Shareholder in Relation to the [REDACTED]

Pursuant to the written resolutions of our Shareholder passed on [•], 2024, the following resolutions, among other things, were duly passed:

(a) the Memorandum and Articles be and were thereby conditionally approved and adopted which will come into effect on the **[REDACTED]**;

(b) conditional upon (i) the Listing Committee granting **[REDACTED]** of, and permission to **[REDACTED]**, the Shares in issue and to be issued as to be stated in this Document and such **[REDACTED]** and permission not subsequently having been revoked prior to the commencement of **[REDACTED]** in the Shares on the Stock Exchange; (ii) the **[REDACTED]** having been determined; (iii) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional and not being terminated in accordance with the terms of the **[REDACTED]** or otherwise, in each case on or before such dates as may be specified in the **[REDACTED]**; and (iv) the **[REDACTED]** having been duly executed by the **[REDACTED]** and our Company:

(i) the **[REDACTED]** (including the **[REDACTED]**) was approved, and the proposed **[REDACTED]** and **[REDACTED]** of the **[REDACTED]** under the **[REDACTED]** were approved, and the Directors were authorized to determine the **[REDACTED]** for, and to **[REDACTED]** and **[REDACTED]** the **[REDACTED]**;

(ii) each Share with par value US$1.00 in the then issued and unissued share capital of our Company was subdivided into [two] Shares with par value of US$[0.50] each immediately prior to the completion of the **[REDACTED]**;

(iii) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares, and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the **[REDACTED]**, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or, allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Subdivision and the **[REDACTED]**, excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]**;

(iv) a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be **[REDACTED]** and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Subdivision and the **[REDACTED]**, excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]**;

(v) the general unconditional mandate as mentioned in paragraph (iii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iv) above up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Subdivision and the **[REDACTED]**, excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]**;

(vi) the grant of the **[REDACTED]** by our Company to the **[REDACTED]** to **[REDACTED]** and issue up to **[REDACTED]**% of the **[REDACTED]** initially available under the **[REDACTED]** to cover the **[REDACTED]** in the **[REDACTED]** was approved; and

(vii) the proposed **[REDACTED]** was approved and our Directors were authorized to implement such **[REDACTED]**.

Each of the general mandates referred to in paragraphs (b)(iii), (b)(iv) and (b)(v) above will remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

(iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Restriction on Share Repurchases

This section sets out information required by the Stock Exchange to be included in this Document concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholder on [•], the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Share Subdivision and the **[REDACTED]** (excluding any Shares which may be issued under the **[REDACTED]**), with such mandate to expire at the earliest

of (i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within our Company's next annual general meeting is required by our Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the Listing Rules and the applicable laws of Cayman Islands and other applicable laws and regulations. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

Subject to the foregoing, any repurchases by us may be made out of profits of our Company, out of share premium, or out of the proceeds of a new issue of shares made for the purpose of the repurchase or, subject to the Cayman Islands Companies Law, out of capital. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of profits of our Company, out of share premium, or, subject to the Cayman Islands Companies Law, out of capital.

(iii) Connected parties

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(iv) Reasons for Repurchase

Our Directors believe that it is in the best interest of our Company and our Shareholders as a whole for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(v) Funding of Repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules, the Cayman Islands Companies Law and the applicable laws of the Cayman Islands.

On the basis of our current financial condition as disclosed in this Document and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this Document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(vi) General

The exercise in full of the Repurchase Mandate, on the basis of **[REDACTED]** Shares in issue after completion of the Share Subdivision and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), would accordingly result in up to **[REDACTED]** Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Share(s) to our Company or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association, the Cayman Islands Companies Law or any other applicable laws of Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of such increase. Save as disclosed above, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as many be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

6. Corporate Reorganization

The companies comprising our Group underwent the Reorganization for streamlining our corporate structure. See "History, Reorganization and Corporate Structure — Reorganization" for further details.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contract (not being contract entered into in the ordinary course of business) has been entered into by us within the two years preceding the date of this Document and is or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property Rights of Our Group

(a) Patents

(i) Registered Patents

As of December 31, 2023, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent Name	Jurisdiction	Patent Number	Registered Owner
1	Intelligent ballistic parachute system with fuel discharge	U.S.	8,056,861	Cirrus Design
2	Aircraft parachute deployment autopilot .	U.S.	10,118,707	Cirrus Design

No.	Patent Name	Jurisdiction	Patent Number	Registered Owner
3	Mechanical timing connection for sequencing airbag activation with rocket for deploying aircraft parachute	U.S.	10,399,686	Cirrus Design
4	Aircraft parachute system utilizing airbag to assist with parachute deployment	U.S.	10,414,506	Cirrus Design
5	Bridle for aircraft parachute deployment rocket	U.S.	10,717,538	Cirrus Design
6	Intelligent ballistic parachute system that performs pre-activation and/or post-activation actions	U.S.	RE47,474	Cirrus Design
7	Intelligent ballistic parachute system that performs pre-activation and/or post-activation actions	U.S.	RE49,214	Cirrus Design
8	Mobile device application-based aircraft data storage and communication system	U.S.	11,275,369	Cirrus Design
9	Mobile device application-based aircraft data storage and communication system	U.S.	11,762,383	Cirrus Design
10	Aviation Connectivity Gateway Module for Remote Data Offload	U.S.	11,659,490	Cirrus Design

(ii) Patents under Application

As of December 31, 2023, we had also applied for the registration for the following patents which we consider to be or may be material to our business:

No.	Patent Name	Jurisdiction	Application Number	Applicant	Date of Application
1	Wireless aircraft communication system	U.S.	18/082,441	Cirrus Design	December 15, 2022
2	Wireless network devices, systems and methods	U.S.	18/082,430	Cirrus Design	December 15, 2022
3	Wireless aircraft communication system	PCT	PCT/US2022/053138	Cirrus Design	December 16, 2022
4	Mobile device application-based aircraft data storage and communication system	U.S.	18/447,477	Cirrus Design	August 10, 2023
5	Mobile device application-based aircraft data storage and communication system	PCT	PCT/US2021/029309	Cirrus Design	April 27, 2021
6	Mobile device application-based aircraft data storage and communication system	Europe	EP21796772.8	Cirrus Design	April 27, 2021
7	Mobile device application-based aircraft data storage and communication system	Australia	AU2021265773	Cirrus Design	April 27, 2021
8	Aviation connectivity gateway module for remote data offload	U.S.	17/104,500	Cirrus Design	November 25, 2020
9	Parachute with inflation control and load distributing slider loops	U.S.	17/809,103	Cirrus Design	June 27, 2022
10	Parachute inflation control and load distributing loops	PCT	PCT/US2023/025758	Cirrus Design	June 20, 2023
11	Aviation connectivity gateway module for remote data offload	U.S.	18/134,975	Cirrus Design	April 14, 2023

(b) Trademarks

(i) Registered Trademarks

As of December 31, 2023, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Registered owner	Date of registration	Class
1.	CIRRUS	Australia	1554353	Cirrus Design	December 11, 2013	12
2.	CIRRUS	Brazil	840541635	Cirrus Design	December 5, 2017	12
3.	CIRRUS	Canada	TMA1095864	Cirrus Design	March 16, 2021	9, 12, 35, 37, 38, 41, 42
4.	CIRRUS	EUTM	012717815	Cirrus Design	August 28, 2015	9, 12, 35, 37, 41, 42
5.	CIRRUS	EUTM	006909584	Cirrus Design	May 16, 2009	12
6.	CIRRUS	Hong Kong	304900789	Cirrus Design	November 19, 2019	12
7.	CIRRUS	Mexico	1607554	Cirrus Design	Jan 26, 2016	12
8.	CIRRUS	United Kingdom	UK00912717815	Cirrus Design	August 28, 2015	9, 12, 35, 37, 41, 42
9.	CIRRUS	United Kingdom	UK00906909584	Cirrus Design	May 16, 2009	12
10.	CIRRUS	U.S.	4758288	Cirrus Design	June 23, 2015	9
11.	CIRRUS	U.S.	1907261	Cirrus Design	July 25, 1995	12
12.	CIRRUS	U.S.	4651692	Cirrus Design	December 9, 2014	12
13.	CIRRUS	U.S.	4635535	Cirrus Design	November 11, 2014	37
14.	CIRRUS	U.S.	4853511	Cirrus Design	November 17, 2015	41
15.	CIRRUS	U.S.	4635536	Cirrus Design	November 11, 2014	42
16.	西锐	China	47736013	Cirrus Design	November 21, 2021	12

No.	Trademark	Place of Registration	Registration No.	Registered owner	Date of registration	Class
17.	A 西銳 B 西锐	Hong Kong	304900770	Cirrus Design	March 22, 2021	12
18.	CIRRUS AIRCRAFT	Hong Kong	305039163	Cirrus Design	February 25, 2020	12
19.	CIRRUS AIRCRAFT	China	13072293	Cirrus Design	January 7, 2015	12
20.		Australia	1554357	Cirrus Design	December 11, 2013	12
21.		Brazil	840541651	Cirrus Design	December 5, 2017	12
22.		China	13072292	Cirrus Design	October 28, 2017	12
23.		EUTM	012717591	Cirrus Design	August 27, 2015	9, 12, 35, 36, 37, 41, 42
24.		Mexico	1607553	Cirrus Design	January 26, 2016	12
25.		United Kingdom	UK00912717591	Cirrus Design	August 27, 2015	9, 12, 35, 36, 37, 41, 42
26.	CIRRUS IQ	WIPO	1711134	Cirrus Design	December 28, 2022	9
27.	CIRRUS IQ	EUTM	1711134	Cirrus Design	December 28, 2022	9
28.	CIRRUS IQ	United Kingdom	WO0000001711134	Cirrus Design	December 28, 2022	9
29.	CIRRUS PERCEPTION	U.S.	5758792	Cirrus Design	May 21, 2019	12
30.	CIRRUS PERSPECTIVE	U.S.	4686664	Cirrus Design	February 17, 2015	9
31.	CIRRUS VISION	Brazil	830433708	Cirrus Design	October 2, 2012	12

No.	Trademark	Place of Registration	Registration No.	Registered owner	Date of registration	Class
32.	CIRRUS VISION	EUTM	007496128	Cirrus Design	September 24, 2009	12
33.	CIRRUS VISION	United Kingdom	UK00907496128	Cirrus Design	September 24, 2009	12
34.	CIRRUS VISION	U.S.	4321276	Cirrus Design	April 16, 2013	12
35.	CIRRUS CERTIFIED	EUTM	1640954	Cirrus Design	June 22, 2021	35
36.	CIRRUS CERTIFIED	U.S.	4916346	Cirrus Design	March 15, 2016	36
37.	CIRRUS CERTIFIED	WIPO	1640954	Cirrus Design	June 22, 2021	35
38.	THE CIRRUS LIFE	EUTM	017247347	Cirrus Design	January 19, 2018	12, 25
39.	THE CIRRUS LIFE	United Kingdom	UK00917247347	Cirrus Design	January 19, 2018	12, 25
40.		Hong Kong	305044383	Cirrus Design	February 25, 2020	12
41.		China	20686486	Cirrus Design	September 14, 2017	9
42.		China	20686485	Cirrus Design	November 7, 2017	12
43.		China	24119917	Cirrus Design	December 7, 2018	12
44.		China	20686484	Cirrus Design	September 14, 2017	35
45.		China	20686483	Cirrus Design	September 14, 2017	36
46.		China	20686482	Cirrus Design	September 14, 2017	37

No.	Trademark	Place of Registration	Registration No.	Registered owner	Date of registration	Class
47.		China	20686481	Cirrus Design	September 14, 2017	41
48.		China	20686480	Cirrus Design	September 14, 2017	42
49.		EUTM	015293707	Cirrus Design	September 20, 2016	9, 12, 35, 36, 37, 41, 42
50.		United Kingdom	UK00915293707	Cirrus Design	September 20, 2016	9, 12, 35, 36, 37, 41, 42
51.		U.S.	5281686	Cirrus Design	September 5, 2017	9
52.		U.S.	2490857	Cirrus Design	September 18, 2001	12
53.		U.S.	5271673	Cirrus Design	August 22, 2017	12
54.		U.S.	5281751	Cirrus Design	September 5, 2017	35
55.		U.S.	5271729	Cirrus Design	August 22, 2017	36
56.		U.S.	5271674	Cirrus Design	August 22, 2017	37
57.		U.S.	5271675	Cirrus Design	August 22, 2017	41

No.	Trademark	Place of Registration	Registration No.	Registered owner	Date of registration	Class
58.		U.S.	5271730	Cirrus Design	August 22, 2017	42
59.		EUTM	006909725	Cirrus Design	July 21, 2009	12
60.		United Kingdom	UK00906909725	Cirrus Design	July 21, 2009	12
61.		EUTM	1474605	Cirrus Design	May 7, 2019	12, 25, 41
62.		United Kingdom	UK00801474605	Cirrus Design	May 7, 2019	12, 25, 37, 41
63.		U.S.	6449245	Cirrus Design	August 10, 2021	12, 25, 41
64.		WIPO	1474605	Cirrus Design	May 7, 2019	12, 25, 41
65.		United Kingdom	WO0000001474605	Cirrus Design	May 7, 2019	12, 25, 41
66.	VISION JET	EUTM	1472655	Cirrus Design	May 7, 2019	12, 25, 41
67.	VISION JET	United Kingdom	WO0000001472655	Cirrus Design	May 7, 2019	12, 25, 41
68.	VISION JET	United Kingdom	UK00801472655	Cirrus Design	November 22, 2019	12, 25, 37, 41
69.	VISION JET	U.S.	6449244	Cirrus Design	August 10, 2021	12, 25, 41
70.	VISION JET	WIPO	1472655	Cirrus Design	May 7, 2019	12, 25, 41
71.	VISION SF50	U.S.	4535590	Cirrus Design	May 27, 2014	12
72.	VISIONAIR	U.S.	7049395	Cirrus Design	May 9, 2023	39

No.	Trademark	Place of Registration	Registration No.	Registered owner	Date of registration	Class
73.	VISIONAIR	U.S.	6673043	Cirrus Design	March 15, 2022	35, 37
74.	XI	U.S.	3736949	Cirrus Design	January 12, 2010	12
75.	CIRRUS AIRFRAME PARACHUTE SYSTEM	U.S.	4554515	Cirrus Design	June 24, 2014	12
76.	VISION CENTER	U.S.	6205947	Cirrus Design	November 24, 2020	37
77.	VISION CENTER	U.S.	6205948	Cirrus Design	November 24, 2020	39
78.	VISION CENTER	U.S.	6205949	Cirrus Design	November 24, 2020	41
79.	VISION CENTER	EUTM	016480162	Cirrus Design	September 28, 2017	35, 37, 41, 42
80.	VISION CENTER	United Kingdom	UK00916480162	Cirrus Design	September 28, 2017	35, 37, 41, 42
81.	VISION CENTER	U.S.	6283299	Cirrus Design	March 2, 2021	25
82.	VISION CENTER	U.S.	6309115	Cirrus Design	March 30, 2021	35
83.	VISION	U.S.	4609958	Cirrus Design	September 23, 2014	12
84.	CAPS	U.S.	4443871	Cirrus Design	December 3, 2013	12

(ii) Trademarks under Application

As of December 31, 2023, we had also applied for the registration for the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Application No.	Applicant	Date of application	Class
1.	CIRRUS	U.S.	86075690	Cirrus Design	September 26, 2013	35
2.	CIRRUS IQ	Australia	2331604	Cirrus Design	December 28, 2022	9
3.	CIRRUS IQ	Brazil	1711134	Cirrus Design	December 28, 2022	9

No.	Trademark	Place of Registration	Application No.	Applicant	Date of application	Class
4.	CIRRUS IQ	Canada	2337159	Cirrus Design	December 28, 2022	9
5.	CIRRUS IQ	Hong Kong	306141564	Cirrus Design	December 29, 2022	9
6.	CIRRUS IQ	Mexico	1711134	Cirrus Design	December 28, 2022	9
7.	CIRRUS IQ	U.S.	97481118	Cirrus Design	June 29, 2022	9
8.	CIRRUS CERTIFIED	Canada	(IR No. 1640954) 2162275	Cirrus Design	June 22, 2021	35
9.	CIRRUS CERTIFIED	U.S.	90/733591	Cirrus Design	May 25, 2021	35
10.	CIRRUS CERTIFIED	U.S.	90/733596	Cirrus Design	May 25, 2021	42
11.		Hong Kong	306265459	Cirrus Design	June 9, 2023	16
12.	CIRRUS ONE	United States of America	98/155626	Cirrus Design	August 29, 2023	35
13.		Canada	2264970	Cirrus Design	June 21, 2023	36, 37, 41
14.	JETSTREAM	United States of America	98/191256	Cirrus Design	September 21, 2023	37, 41
15.	JETSTREAM PROGRESSIVE	United States of America	98/182214	Cirrus Design	September 15, 2023	37, 41
16.	THE CIRRUS LIFE	United States of America	98/053203	Cirrus Design	June 21, 2023	21, 25, 41

(c) Domain Names

As of December 31, 2023, we had registered and maintained ownership to the following domain name which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiration Date
1	CIRRUSAIRCRAFT.COM	Cirrus Design	December 29, 2025

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Letters of Appointment

(a) Executive Directors

Each of Mr. Hui WANG (王暉) and Mr. Zean Hoffmeister Vang NIELSEN, being our executive Directors, [has entered] into a service contract with our Company. Each service contract is for an initial term of three years commencing from the **[REDACTED]**. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

(b) Non-executive Director and Independent non-executive Directors

Each of Mr. Lei YANG (楊雷), Mr. Qingchun SONG (宋慶春), Mr. Liang LIU (劉亮) and Mr. Yihui LI (李屹暉), being our non-executive Directors, Mr. Ian H CHANG (張仁嫲), Mr. Chung Man Louis LAU (劉仲文) and Ms. Ferheen MAHOMED (*alias:* 馬穎欣), being our independent non-executive Directors, [has entered] into a letter of appointment with our Company. Each letter of appointment is for an initial term of three years commencing from the **[REDACTED]**. The letters of appointment may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

2. Remuneration of Directors

The aggregate remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to our Directors for the three years ended December 31, 2021, 2022 and 2023, were approximately US$4.2 million, US$3.3 million and US$3.9 million, respectively.

Based on the arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration paid to the Directors for the year ending December 31, 2024 will be approximately US$6.8 million.

No remuneration was paid by our Company to our Directors or the five highest paid individuals as inducement to join or upon joining our Company during the Track Record Period. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2023 by any member of our Group to any of our Directors.

3. Disclosure of interests

Disclosure of Interests of Directors and chief executive of our Company

None of the Directors or the chief executive of our Company will, immediately following the completion of the Share Subdivision and the **[REDACTED]**, have an interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares, underlying Shares or debentures of our Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are **[REDACTED]** on the Stock Exchange.

Disclosure of interests of substantial shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this Document, our Directors are not aware of any other person who will, immediately following the completion of the Share Subdivision and the **[REDACTED]** have an interest or short position in the Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

4. Agency Fees or Commissions Received

Save as disclosed in the sections headed "**[REDACTED]**" and "Directors and Senior Management" in this Document, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this Document in connection with the issue or sale of any capital or security of any member of our Group.

5. Disclaimers

Save as disclosed in the sections headed "Directors and Senior Management", "Substantial Shareholders" and "Business" in this Document and this section:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are **[REDACTED]**;

(b) none of our Directors or any of the experts referred to under paragraph headed "D. Other Information — 11. Qualification of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this Document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the business of our Group;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) so far as is known to our Directors or the chief executive of our Company, no person (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Subdivision and the **[REDACTED]**, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group in each year or period during the Track Record Period.

D. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group in Hong Kong and the Cayman Islands.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, so far as our Directors are aware, no litigation or claim of material importance (to our Group's financial condition or results of operation) is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the **[REDACTED]** of, and permission to **[REDACTED]**, the Shares to be issued as mentioned in this Document. All necessary arrangements have been made enabling the Shares to be admitted into **[REDACTED]**.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Sole Sponsor in connection with the **[REDACTED]** payable by our Company is US$800,000.

4. Compliance Advisor

Our Company has appointed Altus Capital Limited as our Compliance Advisor in compliance with Rules 3A.19 of the Listing Rules.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses for the purpose of the Listing Rules.

6. Promoter

Our Company has no promoter for the purpose of the Listing Rules. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transactions described in this Document within the two years immediately preceding the date of this Document.

7. Consents of Experts

Each of the experts as referred to in "D. Other Information — 11. Qualification of Experts" in this Appendix has given and has not withdrawn its consent to the issue of this Document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

8. Binding Effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual Document

The English language and Chinese language versions of this Document are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Taxation of Holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from **[REDACTED]** in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with Professional Advisors

[REDACTED] of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of **[REDACTED]** in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the **[REDACTED]** will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their **[REDACTED]** in the Shares or exercise of any rights attaching to them.

11. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (Advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Faegre Drinker Biddle & Reath LLP	Legal advisor as to U.S. laws in relation to our business operations in the United States
Hogan Lovells International LLP	Legal advisor as to U.S. regulatory laws and International Sanctions laws
Gravel & Shea PC	Vermont legal advisor
Jia Yuan Law Offices	PRC legal advisor
Maples and Calder (Hong Kong) LLP	Cayman Islands legal advisor
Frost & Sullivan Limited	Industry consultant
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

12. No Material Adverse Change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2023 (being the date on which the latest audited consolidated financial statements of the Group were prepared).

13. Miscellaneous

(a) save as disclosed in the sections headed "**[REDACTED]**" and "Directors and Senior Management" in this Document, within the two years immediately preceding the date of this Document:

(i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(d) save as disclosed in the section headed "**[REDACTED]**" in this Document, none of the persons named in the sub-paragraph headed "D. Other Information — 11. Qualification of Experts" in this appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(e) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2023 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(f) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Document;

(g) no company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and there is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in the sub-section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this Document; and

(b) the written consents referred to in the sub-section headed "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **https://cirrusaircraft.com/** up to and including the date which is 14 days from the date of this Document:

(a) the Memorandum and Articles;

(b) the Accountant's Report in respect of the historical financial information of our Group for the three years ended December 31, 2021, 2022 and 2023, the text of which is set out in "Accountant's Report" in Appendix I to this Document;

(c) the report on the unaudited **[REDACTED]** financial information of our Group from PricewaterhouseCoopers, the text of which is set out in "**[REDACTED]**" in Appendix II to this Document;

(d) the audited consolidated financial statements of our Group for the years ended December 31, 2021, 2022 and 2023;

(e) the memoranda of advice issued by Hogan Lovells International LLP, our legal advisor as to U.S. regulatory laws and International Sanctions laws;

(f) the legal opinion issued by Faegre Drinker Biddle & Reath LLP, our legal advisor as to U.S. law in relation to our business operations in the United States;

(g) the legal opinion issued by Gravel & Shea PC, our legal advisor as to Vermont law;

(h) the legal opinion issued by Jia Yuan Law Offices, our legal advisor as to PRC law;

(i) the letter issued by Maples and Calder (Hong Kong) LLP, our legal advisor as to Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in the section headed "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix III to this Document;

(j) the Cayman Companies Act;

(k) the material contracts referred to in the sub-section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix IV to this Document;

(l) the written consents referred to in the sub-section headed "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix IV to this Document;

(m) the service contracts and the letters of appointment referred to in the sub-section headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Letters of Appointment" in Appendix IV to this Document; and

(n) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this Document.