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## SUMMARY

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*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 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, driving 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 21 consecutive years, according to GAMA, which is recognized as the only reliable and authorized trade association in the general aviation industry, according to Frost & Sullivan. The SR2X Series aircraft represented 46.3% of the market share in the fixed tricycle gear certified piston aircraft segment based on delivered units in 2022, according to Frost & Sullivan. First delivered in 2016, the Vision Jet has been the best-selling jet under US\$7.0 million for five consecutive years, according to GAMA. The Vision Jet accounted for 25.8% of the market share in the US\$7 million and below single pilot pressurized turbine aircraft segment based on delivered units in 2022, according to Frost & Sullivan. In order to make owning and operating an aircraft accessible, convenient, productive, and enjoyable for everyone, we aim to cultivate a distinctive “The Cirrus Life” experience for our customers through our compelling products and the comprehensive service associated with them, which includes maintenance, upgrades, training, and Cirrus-branded social events.

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. Since inception, as of the Latest Practicable Date, we have delivered over 9,000 SR2X Series aircraft and over 400 Vision Jet aircraft.

As part of our comprehensive 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

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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.

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 seamless and convenient product experience.

We are well-known for equipping 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 well-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, according to Frost & Sullivan. 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 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 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 comprehensive global post-sale ownership and support ecosystem that makes owning and operating our aircraft as accessible and convenient 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 frictionless aircraft ownership and enjoyment. As of the Latest Practicable Date, our global customer base owned in excess of 9,500

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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, 2020, 2021 and 2022, we recorded revenue of US\$586.5 million, US\$738.1 million and US\$894.1 million, respectively, representing a CAGR of 23.5%, and profit for the year of US\$36.1 million, US\$72.4 million and US\$88.1 million, respectively, representing a CAGR of 56.2%. For the year ended December 31, 2022, we achieved a return on equity and EBITDA margin percentage (non-IFRS measure) of 25.6% and 16.3%, respectively. As of December 31, 2022, our gearing ratio was 0.2. As of the Latest Practicable Date, we had a backlog of 1,461 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 253 reservations. See “Business — Sales and Marketing — Aircraft Orders and Delivery” for more information.

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### 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 frictionless aircraft ownership and enjoyment.

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 special mission 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 price ranging from approximately US\$500,000 to approximately US\$3.3 million.





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 mission purposes, such as for institutional flight training or charter fleets, as well as various special mission customers. 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 comprehensive 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, 2022, we had established a sales presence in more than 36 countries, through our sales agents and cirrus sales agents (“CSAs”), enabling us to reach our customers globally.

## SUMMARY

### 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
Base Price as of the Latest				
Practicable Date . . . . .	US\$579,900	US\$772,900	US\$887,900	US\$2,980,000
First Delivery . . . . .	July 1999	February 2001	June 2010	December 2016
Total Deliveries as of the Latest				
Practicable Date . . . . .	1,722	4,379	2,990*	451

*Note:* Performance figures and prices reflect aircraft delivered in 2023.

\* 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.

### 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;

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- 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;
- Superior development and commercialization capabilities fortify industry position; and
- Visionary senior management team with proven track record.

## OUR STRATEGIES

To deliver a comprehensive 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;
- 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 special mission purposes, such as college and university programs, professional pilot academies, and airline training centers for professional training (as opposed to recreational or private pilot training) and commercial operations.

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During the Track Record Period, our products were sold to customers in 36 countries around the world. For the years ended December 31, 2020, 2021 and 2022, our sales to the five largest customers in aggregate accounted for 12.2%, 10.7% and 8.3% of our total revenue, respectively. During the same period, the sales to our largest customer accounted for approximately 6.9%, 5.6% and 2.4% of our total revenue, respectively.

During the Track Record Period, three of our five largest customers in 2022, two of our five largest customers in 2021 and one of our five largest customers in 2020, 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) is one of our five largest customers in each year during the Track Record Period, with three entities within the CAIGA Group (namely, AG Huanan, AG Zhejiang and AG Services) having transactions with the Group during the same period. AG Huanan, AG Zhejiang and AG Services are our connected persons. See “Connected Transactions” for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services. For the years ended December 31, 2020, 2021 and 2022, our revenue from these connected persons amounted to US\$40.3 million, US\$41.1 million and US\$21.8 million, accounting for 6.9%, 5.6% and 2.4% of our total revenue, respectively. Save for the aforementioned connected persons, to the best of our knowledge, all of our five largest customers 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 as of the Latest Practicable Date, had any interest in any of our five largest customers 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. For the years ended December 31, 2020, 2021 and 2022, purchases from our five largest suppliers in aggregate accounted for 49.8%, 51.0% and 51.5% of our total purchases, respectively.

Among our five largest suppliers during the Track Record Period, Continental is our connected person. With the exception of Continental, to the best of our knowledge, all of our five largest suppliers 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 as of the Latest Practicable Date, had any interest in any of our top five suppliers during the Track Record Period. See “Connected Transactions” for additional information regarding our connected relationship and transactions with Continental.

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### 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, in 2022, we were the top manufacturer in the Comparable and Obtainable Global Personal Aviation Market, which includes aircraft models manufactured by us and aircraft models of similar product features and functionalities as our aircraft manufactured by our comparable competitors (i.e., fixed tricycle gear certified piston aircraft and US\$7 million and below single pilot pressurized turbine aircraft), in terms of deliveries.

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, superior production capabilities and substantial investments in product development.

### 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, 2022. We have derived this summary from our audited 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.”



## SUMMARY

### 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 periods 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,					
	2020		2021		2022	
	US\$'000	%	US\$'000	%	US\$'000	%
<b>REVENUE</b> . . . . .	<b>586,463</b>	<b>100.0</b>	<b>738,130</b>	<b>100.0</b>	<b>894,082</b>	<b>100.0</b>
Cost of sales . . . . .	(401,131)	(68.4)	(495,855)	(67.2)	(595,952)	(66.7)
<b>GROSS PROFIT</b> . . . . .	<b>185,332</b>	<b>31.6</b>	<b>242,275</b>	<b>32.8</b>	<b>298,130</b>	<b>33.3</b>
Selling and marketing expenses . . . . .	(55,738)	(9.5)	(66,391)	(9.0)	(88,290)	(9.9)
General and administrative expenses . . . . .	(77,965)	(13.3)	(93,661)	(12.7)	(102,486)	(11.5)
<b>OPERATING PROFIT BEFORE OTHER INCOME</b> . . . . .	<b>51,629</b>	<b>8.8</b>	<b>82,223</b>	<b>11.1</b>	<b>107,354</b>	<b>12.0</b>
Other income . . . . .	1,147	0.2	7,486	1.0	4,779	0.5
<b>OPERATING PROFIT</b> . . . . .	<b>52,776</b>	<b>9.0</b>	<b>89,709</b>	<b>12.2</b>	<b>112,133</b>	<b>12.5</b>
Finance costs . . . . .	(6,172)	(1.1)	(3,509)	(0.5)	(3,199)	(0.4)
<b>PROFIT BEFORE INCOME TAX</b> . . . . .	<b>46,604</b>	<b>7.9</b>	<b>86,200</b>	<b>11.7</b>	<b>108,934</b>	<b>12.2</b>
Income tax expenses . . . . .	(10,488)	(1.8)	(13,797)	(1.9)	(20,858)	(2.3)
<b>PROFIT FOR THE YEAR</b> . .	<b>36,116</b>	<b>6.2</b>	<b>72,403</b>	<b>9.8</b>	<b>88,076</b>	<b>9.9</b>

### NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance.

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We believe that EBITDA (non-IFRS measure) provides 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. 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 measure for the period indicated with the nearest measure prepared in accordance with IFRS:

	For the year ended December 31,		
	2020	2021	2022
	US\$'000	US\$'000	US\$'000
<b>Reconciliation of profit to EBITDA for the year (non-IFRS measure):</b>			
Profit for the year . . . . .	36,116	72,403	88,076
Add back:			
Finance costs . . . . .	6,172	3,509	3,199
Income tax expenses . . . . .	10,488	13,797	20,858
Depreciation of property, plant and equipment . . . . .	11,575	18,248	13,596
Depreciation of right-of-use assets . . . . .	2,388	2,507	3,995
Amortization of intangible assets . . . . .	12,019	14,421	15,866
<b>EBITDA for the year (unaudited) . . . . .</b>	<b>78,758</b>	<b>124,885</b>	<b>145,590</b>

## Consolidated Statements of Financial Position

	As of December 31,		
	2020	2021	2022
	US\$'000	US\$'000	US\$'000
<b>Non-current assets . . . . .</b>	<b>463,745</b>	<b>470,242</b>	<b>530,724</b>
<b>Current assets . . . . .</b>	<b>255,679</b>	<b>316,680</b>	<b>419,013</b>
<b>Total assets . . . . .</b>	<b>719,424</b>	<b>786,922</b>	<b>949,737</b>
<b>Non-current liabilities . . . . .</b>	<b>142,896</b>	<b>138,113</b>	<b>147,596</b>
<b>Current liabilities . . . . .</b>	<b>348,297</b>	<b>348,151</b>	<b>413,409</b>
<b>Total liabilities . . . . .</b>	<b>491,193</b>	<b>486,264</b>	<b>561,005</b>
<b>Equity . . . . .</b>	<b>228,231</b>	<b>300,658</b>	<b>388,732</b>
<b>Total equity and liabilities . . . . .</b>	<b>719,424</b>	<b>786,922</b>	<b>949,737</b>

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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.

As of December 31, 2021, we had net current liabilities of US\$31.5 million, as compared to US\$92.6 million as of December 31, 2020, primarily due to an increase in customer deposits, contract liabilities, accrued warranty, accrued products liability and accounts payables partially offset by an increase in reinsurance recoverable, inventories and cash and cash equivalents and a reduction in long-term debt.

### Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2020	2021	2022
	US\$'000	US\$'000	US\$'000
<b>Net cash generated from operating activities</b>	113,964	198,277	132,859
<b>Net cash used in investing activities</b>	(7,799)	(47,519)	(71,033)
<b>Net cash (used in)/generated from financing activities</b>	(3,144)	(126,143)	47
Net increase in cash and cash equivalents	103,021	24,615	61,873
Cash and cash equivalents at beginning of the year	53,745	156,766	181,381
Cash and cash equivalents at ending of the year	<u>156,766</u>	<u>181,381</u>	<u>243,254</u>

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.”

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### Key Financial Ratios

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

	As of/For the year ended December 31		
	2020	2021	2022
Gross profit margin <sup>(1)</sup> . . . . .	31.6%	32.8%	33.3%
Net profit margin <sup>(2)</sup> . . . . .	6.2%	9.8%	9.9%
Return on equity <sup>(3)</sup> . . . . .	17.2%	27.4%	25.6%
Return on total assets <sup>(4)</sup> . . . . .	5.3%	9.6%	10.1%
EBITDA margin (non-IFRS measure) <sup>(5)</sup> . . .	13.4%	16.9%	16.3%
Current ratio <sup>(6)</sup> . . . . .	0.7	0.9	1.0
Quick ratio <sup>(7)</sup> . . . . .	0.5	0.6	0.7
Gearing ratio <sup>(8)</sup> . . . . .	0.9	0.2	0.2

#### Notes:

- (1) Gross profit margin calculated using gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated using profit for the year divided by revenue 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) EBITDA margin (non-IFRS measure) represents EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%. For details of the EBITDA (non-IFRS measure), see “Financial Information — Non-IFRS Measure.”
- (6) Current ratio is calculated using total current assets divided by total current liabilities.
- (7) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
- (8) Gearing ratio is calculated using total debt (being interest-bearing borrowings) divided by total equity.

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[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 [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 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

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8.10 of the Listing Rules. Furthermore, our Controlling Shareholders executed a non-competition undertaking in favor of our Company on [•], 2023, 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 [REDACTED]. See “Connected Transactions.”

### DIVIDEND

During the Track Record Period, no dividend has been paid or declared by our Company or other companies comprising our Group.

In June 2023, we declared and paid a dividend to CAIGA Hong Kong in the amount of US\$6.5 million from our profits.

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;

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- Our business and growth strategies are subject to uncertainties and risks, 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 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;
- 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;
- Developing new products, services and technologies entails significant risks and uncertainties;
- We are subject to the risks of serving customers in foreign countries that could adversely impact our business; and
- We could suffer losses and adverse publicity stemming from any accident involving our aircraft.

### **[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] million (assuming an [REDACTED] of HK\$[REDACTED] per share, being the mid-point of the indicative [REDACTED] range stated in this Document and the [REDACTED] Option is not exercised), of

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## SUMMARY

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which approximately US\$[REDACTED] million is directly attributable to the issue of the Shares to the public and to be deducted from equity, and approximately US\$[REDACTED] million has been or is expected to be expensed in our consolidated statements of profit or loss.

### USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million (equivalent to US\$[REDACTED] million) 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] million (equivalent to US\$[REDACTED] million), will be used to fund innovation, product enhancements, continuing product improvements, and additional research and development activities. By leveraging our extensive IP portfolio, market-leading innovations and R&D professionals, we seek to develop features that would improve the performance, safety and comfort of our aircraft while integrating and adapting new technologies. We will also develop new features focused on these areas and incorporating emerging trends and technologies for both the SR2X Series and Vision Jet Series aircraft;
- [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million (equivalent to US\$[REDACTED] million), will be used to enhance our production efficiency and capacity;
- [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million (equivalent to US\$[REDACTED] million), will be used to fund improvement and expansion of service, sales and support for our products and services provided in our ecosystem, both in geographically and in total capacity; and
- [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million (equivalent to US\$[REDACTED] million), will be used for our general working capital and other general corporate purposes to support our business operation and growth.

For further details, see “Future Plans and Use of [REDACTED]” in this Document.



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### 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 demand for personal aviation industry as a result of the pandemic. 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

#### Recent Airworthiness Directive

On February 23, 2023, the Federal Aviation Administration (“FAA”) issued an airworthiness directive (the “AD”), requiring all aircraft fitted with certain Continental engines to have their crankshaft assembly inspected, and corrective action to be taken before any further flight. As a result, our production and new delivery of SR22 and SR22T models were affected because we were required to divert 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 models was delayed on average by three to four weeks. We have formulated a plan to temporarily increase our manufacturing capacity in order to fulfill the deliveries that were delayed. However, there is no assurance that we would be successful in making all the deliveries that were expected in 2023. FAA airworthiness directives are common in the personal aviation industry, according to Frost & Sullivan. For more details on how we respond to airworthiness directives, see “Business — Airworthiness Directives, Quality Control and Assurance.”

#### New Overseas Listing Regulations

On February 17, 2023, the China Securities Regulatory Commission (“CSRC”) issued the “Interim Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises” (“Interim Measures for Administration”) and supporting guidelines (collectively, the “New Overseas Listing Regulations”), which has been implemented since March 31, 2023. Pursuant to the New Overseas Listing Regulations, domestic PRC enterprises seeking to directly or

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indirectly issue or list securities in overseas markets are required to file with the CSRC and declare relevant information to the CSRC. Our PRC Legal Advisor advised that, as the Company does not constitute a direct or indirect overseas offering or listing of a domestic enterprise under the New Overseas Listing Regulations, it does not fall within the scope of filing required under the New Overseas Listing Regulations, and therefore the Company is not required to file with the CSRC.

### **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, except as disclosed in this Document, 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, 2022, 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, 2022 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.