CIRRUS AIRCRAFT LIMITED
西銳飛機有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2507

2024 ANNUAL REPORT

Contents

Definitions

In this annual report, unless the context otherwise requires, the following terms have the following meanings. The following contains definitions of certain terms used in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

"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"	our revenue stream including SR2X Series and Vision Jet aircraft
"Articles" or "Articles of Association"	the articles of association of the Company as amended from time to time
"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
"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
"Board Committees"	collectively, the Audit, Risk Control and Compliance Committee, the Remuneration Committee and the Nomination Committee
"Board of Directors" or "Board"	our board of Directors

Definitions

"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 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
"CAPS"	Cirrus Airframe Parachute System
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China
"Cirrus Design"	Cirrus Design Corporation, a corporation incorporated under the laws of the State of Wisconsin, the United States; and an indirect wholly-owned subsidiary of the Company
"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, and a direct wholly-owned subsidiary of the Company
"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
"Cirrus Services and Other"	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
"Company", "our Company" or "Cirrus"	Cirrus Aircraft Limited (西銳飛機有限公司) (Stock Code: 2507), an exempted company incorporated in the Cayman Islands with limited liability on December 13, 2019

Definitions

"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 and Donetsk People's Republic, Zaporizhzhia and Kherson regions of Ukraine
"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 December 31, 2024, 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
"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 the Company or any one of them
"EAR"	Export Administration Regulations in Title 15 of the Code of Federal Regulations Parts 730–744
"Extended Warranty Contracts"	the contracts entered into between Cirrus Design and Continental in relation to the extended warranty for certain engines supplied by Continental
"Global Offering"	the Hong Kong public offering and international offering as described in the Prospectus

"Group", "we", "our", "our Group" or "us"	the Company and its subsidiaries from time to time
"HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"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
"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
"IT"	information technology
"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
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	July 12, 2024, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended 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
"Management Team" or "Management"	the senior management members appointed by the Board of Directors from time to time

Definitions

"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
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"OFAC"	U.S. Department of the Treasury's Office of Foreign Assets Control
"Offer Size Adjustment Option"	the option exercisable by the Company as described in the section headed "Structure of the Global Offering" in the Prospectus
"orders"	gross aircraft orders minus cancelations
"Over-allotment Option"	the option pursuant to which our Company may be required to allot and issue additional shares, as described in the section headed "Underwriting — International Offering — Over-allotment Option" in the Prospectus, which has been partially exercised on August 8, 2024
"Prospectus"	the prospectus of the Company dated June 28, 2024
"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
"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 annual report, Relevant Jurisdictions include the United States, European Union, the United Nations, the United Kingdom and Australia
"Remuneration Committee"	the remuneration committee of the Board

"Reporting Period"	the year ended December 31, 2024
"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
"Sanctioned Person(s)"	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
"Securities Policy"	our own code of conduct regarding securities transactions, namely the securities policy for management, directors and public float
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	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$0.50 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent

In this annual report, unless otherwise indicated, the terms "associate", "associated corporation", "connected person(s)", "connected transaction(s)", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.

Unless otherwise specified, certain amounts and percentage figures included in this annual report 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.

The English names of PRC nationals, enterprises, departments, facilities, certificates, regulations, titles and the like marked with "*" are translations of their Chinese names and are included in this annual report for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name will prevail.

Corporate Information

BOARD OF DIRECTORS

Mr. Lei YANG (楊雷)
(*Non-executive Director and Chairman of the Board of Directors*)
Mr. Hui WANG (王暉)
(*Executive Director and vice Chairman of the Board of Directors*)
Mr. Qingchun SONG (宋慶春)
(*Non-executive Director*)
Mr. Liang LIU (劉亮)
(*Non-executive Director*)
Mr. Yihui LI (李屹暉)
(*Non-executive Director*)
Mr. Zean Hoffmeister Vang NIELSEN
(*Executive Director and chief executive officer*)
Mr. Ian H CHANG (張仁嫲)
(*Independent non-executive Director*)
(Appointed with effect from July 12, 2024)
Mr. Chung Man Louis LAU (劉仲文)
(*Independent non-executive Director*)
(Appointed with effect from July 12, 2024)
Ms. Ferheen MAHOMED (alias: 馬穎欣)
(Independent non-executive Director)
(Appointed with effect from July 12, 2024)

JOINT COMPANY SECRETARIES

Mr. Wei PI (皮巍)
Ms. Hoi Ting WONG (黃凱婷)

AUTHORISED REPRESENTATIVES

Mr. Hui WANG (王暉)
Ms. Hoi Ting WONG (黃凱婷)
(ACG, HKACG)

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 (張仁嫲)
(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 (張仁嫲)
Mr. Chung Man Louis LAU (劉仲文)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE

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

COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

HONG KONG LEGAL ADVISER

Allen Overy Shearman Sterling
9th Floor, Three Exchange Square
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716
17th Floor Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

2507

WEBSITE

https://cirrusaircraft.com/

Financial and Business Highlights

- The Company maintained backlog on record year of deliveries due to strong order demand coming off the G7 launch. Orders increased by 114 units on a year-over-year basis, from 519 in the financial year ended December 31, 2023, to 633 orders in the financial year ended December 31, 2024.

- Revenue for the financial year ended December 31, 2024 reached record high, increased by 12.1% year-over-year from US$1.07 billion to US$1.20 billion.

- Revenue from Aircraft for the financial year ended December 31, 2024 increased by 11.8% year-over-year from US$916 million to US$1,024 million on higher deliveries.

- Revenue from Cirrus Services and Other increased by 13.8% year-over-year from US$152 million to US$173 million.

- Gross profit for the year ended December 31, 2024 increased by 13.4%, with a gross profit margin expansion of 0.4% largely driven by improved profitability of our Vision Jet product line and enhanced profitability of Cirrus Services and Other.

- Operating profit margin stood at 12.8% which is among the best in the industry and represents an increase of 1.1% year-over-year.

- Adjusted EBITDA rose approximately 15% year-over-year to $187 million — up from $46 million in 2018.

- Cash flow after the use of working capital and investment (in both tangible and intangible assets) amounted to approximately US$70.2 million.

- The table below sets forth a summary of the results and of the assets and liabilities of the Group for the years indicated:

Financial and Business Highlights

RESULTS

	Year ended December 31,		
	2024	2023	Percentage
	US$'000	US$'000	Increase
Revenue	**1,197,133**	1,067,708	12.1%
Gross profit	**413,550**	364,692	13.4%
Profit before tax	**147,624**	118,585	24.5%
Profit for the year	**120,746**	91,143	32.5%

ASSETS AND LIABILITIES

	As of December 31,		
	2024	2023	Percentage
	US$'000	US$'000	Increase
Total assets	**1,363,221**	1,007,935	35.2%
Total liabilities	**581,270**	534,559	8.7%

CEO Statement

To our shareholders:

At Cirrus, we are deeply committed to our Mission, Vision, and Values. Namely, we aim to deliver an aviation experience to our customers that is the pinnacle of innovation, quality, and safety. That experience is further enhanced as we have now enveloped our customers and products in a premium 360º ecosystem of services that make regional travel for 1–7 people safe, easy, and convenient at a sensible price. This ideal combination of safe, innovative, and high performing products, wrapped in services digitally connected via Cirrus IQ™, allows us to create markets that didn't exist before. In other words, as we execute on our mission and our strategic choices, we believe we can shape the future of general aviation, or as we like to say, "*Personal Aviation*".

SAFETY AND A CONVENIENT ECOSYSTEM DRIVE DEMAND

More and more people turn to Cirrus because commercial flight no longer fits their needs. Specifically, fixed departure times, long lines, luggage limitations, sparse regional connections, and high prices no longer satisfy their requirements for leisure and business travel. They gravitate towards Cirrus because of our proprietary innovations and programs like the Cirrus Airframe Parachute System (CAPS®), Cirrus IQ™, Safe Return™, and our expansive ecosystem, which have earned us a safety record that is 3 times safer than the general aviation industry average.

These features and services bring an entirely new breed of customers who never before partook in general aviation, who are not pilots nor previous airplane owners. In fact, more than 20% of all the orders we took in 2024 were from customers who were brand new to general aviation.

OUR VALUES AND INVESTMENTS

As we continue to scale, it is critical to our mission that we continue to be the employer of choice so we can both attract and retain the best talent in the world. Principles like Trust, Safety, and Innovation are the bedrock of our values and guide how we conduct ourselves and do business with customers, vendors, regulators, and employees. It is these values and strategic choices that have rewarded us with solid growth over the last six years. Specifically, the SR2X series again took lead position as the bestselling single engine piston airplane for 23 years in a row with 630 deliveries in 2024. The Vision Jet also took first place with 101 deliveries — making it the best-selling jet in general aviation for 7 consecutive years. Revenue reached nearly US$1.2 billion in 2024 up from US$484 million in 2018. Nearly 2.5 times higher in six short years. Adjusted EBITDA rose ~15% year-over-year to $187 million — up from $46 million in 2018. In all, we have achieved great results with which our employees, shareholders, and customers should be pleased because they have allowed us to continue to invest aggressively in 3 critical areas: Product Innovation, Production Modernization and Capacity Expansion, and Services Expansion. In 2024, we invested US$94 million back into the business via Property, Plant and Equipment and Intangible Assets. We plan to do that and more in 2025 as we deploy the proceeds from the global offering to make sure we continue to lead the General Aviation segment in which we play today plus pave the way for new and additional growth segments and services in the future.

Our results over the past years are proving that a business model that creates value for our customers and that is focused on the above principles of trust, safety and innovation are not only powerful and resilient, but also very sticky. Customers crave the "easy button" when it comes to airplane ownership, all the way from learning how to fly, to choosing the right airplane for their mission, to financing, insurance, digital services, maintenance, storage, aftermarket upgrades, trade-in and trade-up options, and more. In short, our customers want ease, safety, and convenience with good value for money. Those principles are in vogue today and they will be in vogue ten years from now, so that is what we work tirelessly to provide every day when we come to work.

CEO Statement

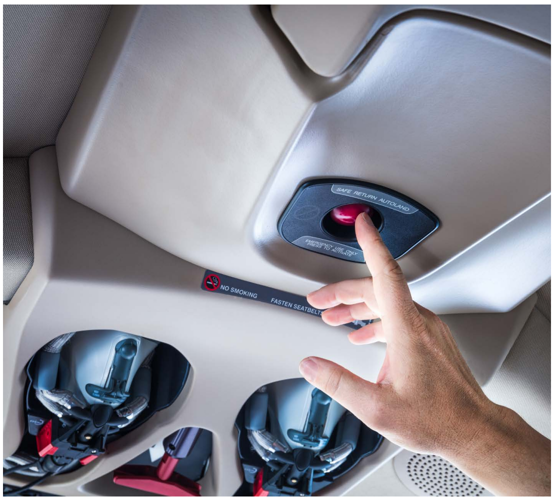
BALANCED AND SUSTAINABLE GROWTH

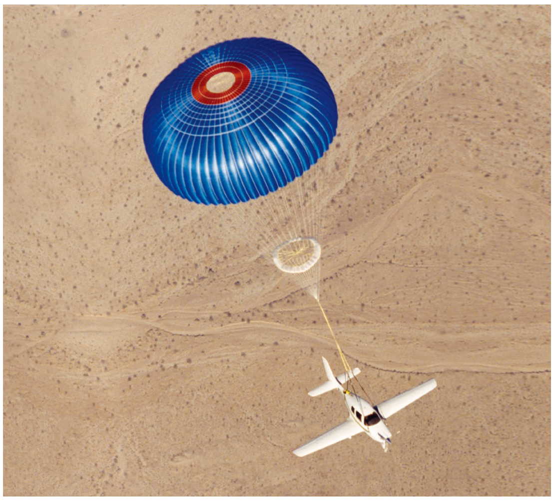
Not all products and services are created equal in terms of demand and margin opportunities, especially during the infancy and ramp-up stages. In aggregate, we aim for a controlled annual growth across the business, above industry averages, as we take market share and diversify our services offerings. We expect to do that with strong gross margin percentages in the low 30s and EBITDA margins between 13–15%. We could likely grow faster given our backlog of orders or if we focused on fewer and more profitable services only, but we are mindful of the fact that the service network must grow in parallel with airplane deliveries to deliver a great customer experience, which is pivotal to everything that we do. Some years we will do better and other years less, but speed without control is not a good combination, hence we favor a more balanced approach where quality, safety, and customer experience are prioritized. As long as we are hovering around those ranges, things are going to plan. This customer-obsession approach has earned us the spot as the de facto brand and leader in the General Aviation market space we play. We therefore stick with this approach and formula.

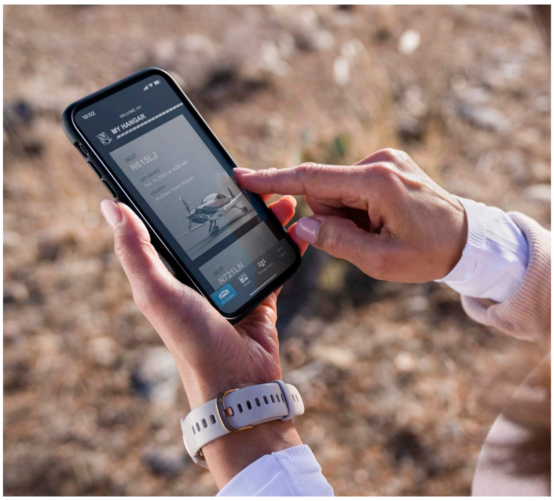
We had a transformative 2024 and we have focused on becoming a better company before we become a bigger company. Despite macroeconomic challenges and supply chain uncertainty, our team rallied behind our 6-pillar strategy, and we emerged stronger and more efficient than ever with solid growth plans across the entire company. These plans range from exciting products and feature roadmaps to campus expansion and efficiency programs in Duluth, Grand Forks, Knoxville, McKinney, and Orlando with the sole purpose of bringing more value-adding products and services to our customers in 2025 and beyond. With nearly half a billion dollars of cash and cash equivalents on our balance sheet, positive cashflow and nearly no debt, we feel we are sufficiently capitalized to execute on our near-term goals and objectives in our 6-pillar strategy. Cirrus Aircraft is poised for a bright future.

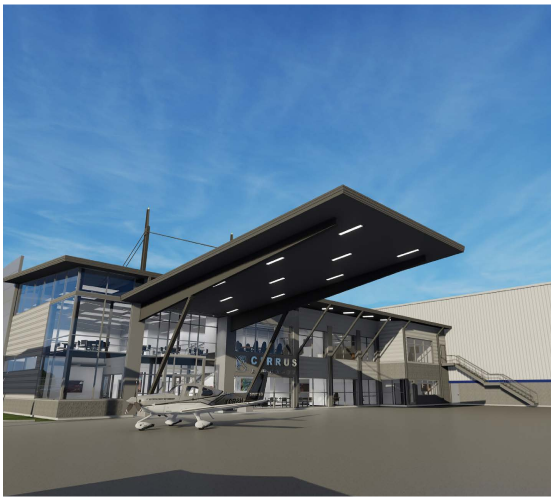
In closing, I am grateful for our passionate and talented employees as well as our loyal customers, suppliers, shareholders, and partners for their ongoing support and continued belief in our mission. I truly believe that our best days are yet to come.

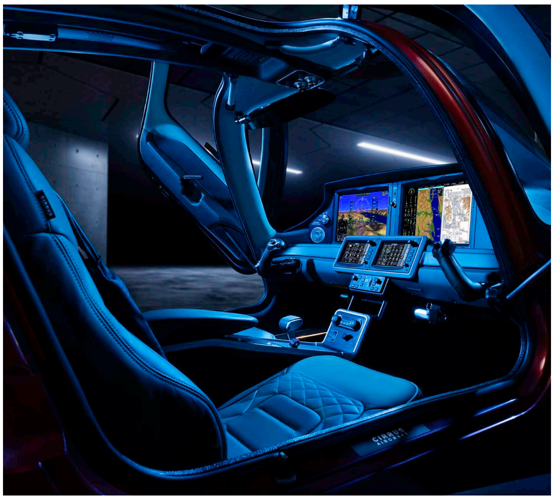
Sincerely, Zean Nielsen, CEO











Business Review

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 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. In the first half of 2024, we launched the brand-new G7 line, the 7th generation of our award winning SR2X aircraft. We provide a wide range of products and services which include maintenance, upgrades, training, pilot services, Cirrus IQ connectivity, and e-commerce.

Since our inception in 1984 in Wisconsin, United States, we have delivered over 10,000 SR2X Series aircraft and over 600 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. Our Vision Jet is designed for owners to fly at jet speed without requiring support from a full-time professional pilot or flight department. 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, services, advanced high performance technology, and connectivity, as well as ease of use, comfort and personalization. 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 Vision Jet aircraft is also equipped with Safe Return. 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.

Since inception, we have focused on a "close-to-customer" sales model as an enterprise priority, expanding this model to cover both the United Kingdom and France. 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 salesperson, 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 direct sales team based in the United States, Canada, United Kingdom and France. At the beginning of each year, we enable our sales team with new demonstration aircraft model to illustrate benefits to customers. As these units are typically delivered to customers at the end of the year, it usually creates some seasonality in our business particularly in the first and fourth quarters. Because of this customer approach, 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. 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.

Business Development

Since inception up to December 31, 2024, we had delivered over 10,000 SR2X Series aircraft and over 600 Vision Jet aircraft. As of December 31, 2024, we had a backlog of 1,135 aircraft, including approximately 240 reservations for the Vision Jet. Further, our net orders increased for both the SR2X and Vision Jet combined for the twelve months ended December 31, 2024 by a total of 114 units from 519 for the twelve months ended December 31, 2023 to 633 for the twelve months ended December 31, 2024, partly attributable to the launch of the G7 line as well as the continuation of the product ladder between the two product lines and the growing ecosystem around the ownership experience. As of December 31, 2024, we had established a sales presence in more than 36 countries, through our sales agents and CSAs, enabling us to reach our customers globally. 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, 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 consider the production and sale of our aircraft to be the beginning of a lifelong 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. Since our inception until December 31, 2024, our products were sold to customers in over 55 countries and territories around the world and as of December 31, 2024, we had authorized service centers in 32 countries.

For the twelve months ended December 31, 2024, we recorded an increase in the number of aircraft produced and in the number of aircraft delivered, as compared to the twelve months ended December 31, 2023, as we continue to increase the scale of our manufacturing production and supply chain capabilities. For the twelve months ended December 31, 2024, we produced 739 aircraft (638 SR2X Series aircraft and 101 Vision Jet) and delivered 731 aircraft (630 SR2X Series aircraft and 101 Vision Jet), as compared to 713 aircraft produced (617 SR2X Series aircraft and 96 Vision Jet) and 708 aircraft delivered (612 SR2X Series aircraft and 96 Vision Jet) for the twelve months ended December 31, 2023.

Management Discussion and Analysis

OVERVIEW

In 2024, 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 high net worth individuals globally. Central to the interest of the expanded high net worth individuals population in personal aviation are the key benefits of personal air mobility, privacy, security, schedule flexibility, and year-round accessibility. The personal aviation market also benefits from the growth in popularity of premium mobility services for customers seeking the finest personalized, customized air transportation solutions.

For the financial year ended December 31, 2024, the Group recorded revenue of US$1,197.1 million, as compared with US$1,067.7 million for the financial year ended December 31, 2023. The profit of the Group increased to US$120.7 million for the financial year ended December 31, 2024, as compared with US$91.1 million for the financial year ended December 31, 2023, primarily due to higher aircraft deliveries and growth in Cirrus Services and Other revenue streams. The selling and marketing expenses of the Group were US$123.5 million for the financial year ended December 31, 2024, as compared with US$106.8 million for the financial year ended December 31, 2023. The general and administrative expenses were US$141.3 million for the financial year ended December 31, 2024, as compared with US$135.2 million for the financial year ended December 31, 2023.

REVENUE

For the year ended December 31, 2024, we generated revenue of US$1,197.1 million, as compared with US$1,067.7 million for the year ended December 31, 2023, primarily due to higher aircraft deliveries and growth in Cirrus Services and Other revenue streams.

During the Reporting Period, we delivered 23 more aircraft as compared to the same period in 2023. The average sales price of our SR2X aircraft deliveries was approximately US$1.1 million compared to US$1.0 million in the same period in 2023. The average sales price of our Vision Jet aircraft deliveries was approximately US$3.4 million compared to US$3.1 million in the same period in 2023.

During the Reporting Period, revenue generated from Cirrus Services and Other increased by approximately US$21.2 million compared to the financial year ended December 31, 2023.

COST OF SALES

Our cost of sales consists of material, labor and overhead and other costs, including the amortization of intangibles as we realize research and development projects and warranty costs, in the cost of sales for Aircraft. We include costs related to Cirrus Services, such as aftermarket parts, material and labor costs and other costs in our cost of sales for Cirrus Services and Other.

For the financial year ended December 31, 2024, cost of sales of the Group increased to US$783.6 million, from US$703.0 million for the financial year ended December 31, 2023, primarily attributable to increased aircraft deliveries, increased costs related to the launch of our G7 line (the 7th generation of our SR2X aircraft), and increased volume of sales of Cirrus Services.

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 year ended December 31, 2024, our gross profit increased to US$413.6 million, from US$364.7 million for the year ended December 31, 2023, primarily attributable to higher aircraft deliveries and growth in Cirrus Services and Other revenue streams. Our gross profit margin increased to 34.5% for the year ended December 31, 2024 from 34.2% for the year ended December 31, 2023.

The reason for the increase in gross profit margin was largely due to improved profitability of our Vision Jet aircraft sales and performance within our Cirrus Services and other products. In 2024 we experienced a slight increase in our gross profit margin of 0.3%, this reflects our strong sales performance offset by cost pressures from our supply base.

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.

The selling and marketing expenses of the Group were US$123.5 million for the year ended December 31, 2024, as compared with US$106.8 million for the year ended December 31, 2023. The increase was primarily attributable to selling and marketing expenses related to the global launch for our G7 product on the SR2X product line, as well as increased aircraft deliveries.

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 listing expenses) and other including licenses, dues and research costs.

The general and administrative expenses were US$141.3 million for the year ended December 31, 2024 as compared with US$135.2 million for the year ended December 31, 2023. The increase was primarily attributable to expenses related to the Global Offering and higher expense in research.

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 year ended December 31, 2024, the finance costs of the Group decreased to US$5.1 million from US$5.5 million for the year ended December 31, 2023.

PROFIT FOR THE YEAR

The profit for the year ended December 31, 2024 amounted to US$120.7 million, representing an increase of US$29.6 million or 32.5% as compared to the year ended December 31, 2023. Our profit margin increased to 10.1% for the year ended December 31, 2024 from 8.5% for the year ended December 31, 2023.

LIQUIDITY AND WORKING CAPITAL

As of December 31, 2024, the Group's cash and bank balances increased to US$391.8 million from US$246.9 million as of December 31, 2023. The increase primarily resulted from higher operating profits and proceeds from Global Offering.

As of December 31, 2024, the current assets of the Group were US$723.6 million, including cash and cash equivalents and short term deposits of US$494.8 million and other current assets of US$228.8 million. As of December 31, 2024, the current liabilities of the Group were US$448.0 million, including accounts payables of US$50.7 million, other payables, accrued liabilities and income tax payables of US$381.8 million and borrowings of US$15.5 million.

CASH FLOW

The Group primarily uses cash to pay for all operating and investing activities of the business. The Group finances its liquidity requirements mainly through a combination of cash flow from operations as well as access to capital markets as required.

The Group has adopted a prudent financial management approach towards its treasury policies and will revisit such policies from time to time, taking into account, among other things cash flow requirements and expansion of the Group. The Group maintained a healthy liquidity position throughout the year ended December 31, 2024.

CASH FLOW GENERATED FROM OPERATING ACTIVITIES

For the year ended December 31, 2024, the net cash generated from operating activities by the Group amounted to US$164.5 million, as compared to net cash flows generated in operating activities of US$113.3 million for the same period in 2023 mainly due to increase in profit and normal fluctuations in working capital as we run our business.

CASH FLOW USED IN INVESTING ACTIVITIES

For the year ended December 31, 2024, the net cash used in investing activities by the Group amounted to US$193.4 million, which mainly consisted of purchases of fixed assets and development of intangible assets.

CASH FLOW USED IN FINANCING ACTIVITIES

For the year ended December 31, 2024, the net cash generated from financing activities by the Group amounted to US$173.8 million, which mainly consisted of the proceeds from the Global Offering offset slightly by repayments of borrowings.

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. However, our presentation of a non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The following table sets forth the reconciliation of our non-IFRS measures for the year indicated with the nearest measure prepared in accordance with IFRS:

	Year ended December 31,	
	2024	2023
	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	**120,746**	91,143
Add back:		
Listing expenses(Note)	**2,679**	7,243
Adjusted profit for the year (non-IFRS measure)	**123,425**	98,386
Add back:		
Finance costs	**5,145**	5,529
Income tax expenses	**26,878**	27,442
Depreciation of property, plant and equipment	**21,029**	16,857
Depreciation of right-of-use assets	**4,474**	4,068
Amortization of intangible assets	**19,473**	15,650
Less:		
Interest income	**(13,342)**	(5,788)
Adjusted EBITDA for the year (non-IFRS measure)	**187,082**	162,144

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

KEY FINANCIAL RATIOS

The following table sets forth the key financial ratios for the periods indicated:

	As of December 31, 2024	As of December 31, 2023
Gross profit margin(1)	**34.5%**	34.2%
Net profit margin(2)	**10.1%**	8.5%
Return on equity(3)	**19.2%**	21.1%
Return on total assets(4)	**10.2%**	9.3%
Adjusted profit margin (non-IFRS measure)(5)	**10.3%**	9.2%
Adjusted EBITDA margin (non-IFRS measure)(6)	**15.6%**	15.2%
Current ratio(7)	**1.6**	1.1
Quick ratio(8)	**1.2**	0.8
Gearing ratio(9)	**0.1**	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%.

(6) Adjusted EBITDA margin (non-IFRS measure) represents adjusted EBITDA (non-IFRS measure) divided by revenue for the year and multiplied by 100%.

(7) Current ratio is calculated using total current assets divided by total current liabilities as of the same date.

(8) Quick ratio is calculated using current assets less inventories divided by current liabilities as of the same date.

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

TREASURY POLICIES

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.

PLEDGE OF ASSETS

As of December 31, 2024, the Group's bank borrowings were collateralized by a security interest in substantially all the tangible and intangible assets of the Group. As of December 31, 2024, the Group did not pledge any further assets in comparison with December 31, 2023.

MATERIAL INVESTMENTS

The Group did not make any material investments during the Reporting Period.

FINANCIAL INSTRUMENTS

The Group currently does not use any financial instruments for hedging purposes.

SEGMENT INFORMATION

As stated in the consolidated financial statements, the chief operating decision-maker (the "**CODM**") regard the Group's business as a single operating segment. A detailed analysis of the Group's segment information for the year ended December 31, 2024 is set out in note 5 to the consolidated financial statements.

FINANCIAL RISKS

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.

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.

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.

Exchange Rate Risk

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.

Other Financial Risks

Details of other financial risks are set out in note 3 to the consolidated financial statements of the Group. In light of the above risks which are relevant to and may potentially affect the Group's business, the Group has certain risk management procedures with a view to minimize the risks and to manage, but not eliminate, the risk of failure to fulfil the Group's business objectives. Please refer to the section headed "Risk Management and Internal Control" in the Corporate Governance Report for policies concerning the Group's risk management system.

MANPOWER AND RETENTION RISK

The Group is heavily dependent on the continued services of its Management Team and skilled employees. Particularly, certain members of our Management Team have long-standing experience in aviation including avionics, engineering and automotive industries and within large public companies in the U.S., and their experience is instrumental to our continued success. Further, if we lose senior management or experienced personnel, we may not be able to find suitable replacements in a timely manner, at acceptable cost or successfully manage the transfer of critical knowledge. The Group has been regularly reviewing and updating our retention strategies, offering competitive compensation packages and benefits, and invest in the continuous development of our employees.

SUPPLY CHAIN OR MANUFACTURING INTERRUPTION RISK

The Group faces risk associated with supply in which if it experiences any delay or interrupted supply, or if the quality of the supplies does not meet the required standards, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected. In addition, we continue to face increasing pressure from consolidation within the supply base from private equity. Such risk is managed through greater investment in manufacturing process, supply chain process, and an increased focus on key suppliers. We will focus on a smaller, but higher quality and consistent supplier pool which results in fewer interruptions across our supply chain and lowers cost.

GEOPOLITICAL RISK

The Group's business is subject to risks associated with changes in the general macroeconomic, political, social and regulatory conditions in the markets in which it operates. The Group actively engages with legislators at the local, state and federal levels to educate as to the contributions in investment and employment the Group provides to their constituents and to collaborate with the legislators on incentives for current and future operations and investments.

CYBERSECURITY RISK

The Group is 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 the Group operates, regarding the collection, use, storage, transfer and other processing 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. The Group is 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. The Group has 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 data collection, data storage and retention, data transmission and system changes. During the year ended December 31, 2024, the Company has not been subject to any fines or other penalties due to non-compliance with data privacy and security laws or regulations.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended December 31, 2024.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this annual report, as of the date of this annual report, there were no significant investments held by the Group or future plans regarding significant investment or capital assets. For the year ended December 31, 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

BANK LOANS AND OTHER BORROWINGS

As of December 31, 2024, the Group had borrowings of US$3.4 million with fixed interest rate and denominated in US$, US$52.5 million with floating interest rate and denominated in US$ and lease liabilities of US$14.4 million. For details, please refer to note 3 to the consolidated financial statements in this annual report.

CONTINGENT LIABILITIES

As of December 31, 2024, we had material contingent liabilities captured in our accrued product liability, relating to ongoing product liability claims. For details, please refer to note 35 to the consolidated financial statements in this annual report.

EMPLOYEE AND REMUNERATION

As of December 31, 2024, we had a total of 2,653 employees, substantially all in the U.S. Among our 2,653 employees as of December 31, 2024, 2,548 were full-time and 105 were part-time employees.

The table below sets forth the numbers of our employees according to their functions as of December 31, 2024:

Function	Number of employees	% of total number of employees
Product Line Manufacturing	1,504	56.7
Product Development	448	16.9
Cirrus Services	373	14.1
General and Administrative	151	5.7
Sales and Marketing	136	5.1
Facilities Management	31	1.2
Other	9	0.3
Total	2,653	100

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.

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) with details agreed between CAIGA and the Management Team, a special cash bonus (the "**Special Cash Bonus**") in an aggregate amount of 1.0% of the market capitalization of the Company immediately upon Listing, to be paid to our key employees in recognition of the value they have helped to create prior to the Listing Date. Based on the size of the Global Offering, the aggregate amount of the Special Cash Bonus under the Management Incentive Plan is approximately US$12.9 million (equivalent to HK$100.2 million). As of December 31, 2024, the Special Cash Bonus had been recognized and US$7.1 million had been partially paid under the Management Incentive Plan.

FUTURE AND OUTLOOK PLAN

Looking ahead, we will continue to focus on product improvement, model upgrades and ongoing generational changes to equip our aircraft with new technologies and designs to remain at the forefront of the industry. As of December 31, 2024, our global customer base owned in excess of 10,500 of our aircraft and continues to grow. With over 10,500 aircraft deliveries worldwide as of the December 31, 2024, we believe we are well-positioned to continue to capture the growth in the personal aviation industry.

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, as stated in the Prospectus:

- Build our ecosystem to service our 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;
- Supply chain excellence to expand both production and service capabilities;
- Expand our markets globally; and
- Establish personal aviation services for non-pilots.

Our Board is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of members of the Board of our Company:

Name	Age	Position
Lei YANG	56	Non-executive Director and Chairman of the Board of Directors
Hui WANG	57	Executive Director and vice Chairman of the Board of Directors
Qingchun SONG	41	Non-executive Director
Liang LIU	40	Non-executive Director
Yihui LI	58	Non-executive Director
Zean Hoffmeister Vang NIELSEN	47	Executive Director and chief executive officer
Ian H CHANG	70	Independent non-executive Director
Chung Man Louis LAU	66	Independent non-executive Director
Ferheen MAHOMED	59	Independent non-executive Director

EXECUTIVE DIRECTORS

Mr. Hui WANG (王暉), aged 57, 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 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 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 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 April 2017 to June 2020 and its general manager from January 2017 to June 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 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 in the PRC. He was granted the special government allowance by the State Council in January 2015.

Mr. Zean Hoffmeister Vang NIELSEN, aged 47, 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 development and implementation of the strategic plan, tactical business plan execution, 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 when he took over as chief executive officer, 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 (General Aviation Manufacturers Association) 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 global 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 global vice president of 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. Prior to that, 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 deployed 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.

NON-EXECUTIVE DIRECTORS

Mr. Lei YANG (楊雷), aged 56, 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 of the technology division of the Boeing 737 development research center and minister 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 in July 1989 and July 1998, respectively. He was granted the special government allowance by the State Council in January 2015.

Mr. Qingchun SONG (宋慶春), aged 41, has been a Director since December 2019 and was redesignated as a non-executive Director in June 2023. Mr. Song 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 also been the vice general manager of CAIGA since June 2024.

Directors and Senior Management

Mr. Song served as 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)) from April 2022 to June 2024 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) from December 2021 to July 2024.

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 2015 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 of business management department, deputy minister of strategy and capital department, minister of enterprise operation and management innovation department, minister of comprehensive management department, a deputy office director 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 in the PRC in July 2004 and June 2017, respectively. Mr. Song received the Certificate for the Training of Senior Management of Listed Companies from Shenzhen Supervision Bureau of the CSRC in January 2018.

Mr. Liang LIU (劉亮), aged 40, 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 Cirrus Industries, Inc., ("**Legacy Cirrus Industries**") (the appointment of which was carried forward to Cirrus Industries as its surviving corporation), Dakota Aircraft Corporation and Cirrus Design Corporation 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 positions including the deputy minister of financial management department, with his current position as the minister 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 in the PRC in July 2006. He also obtained the qualification of intermediate accountant from the Ministry of Human Resources and Social Security of the PRC and the Ministry of Finance of the PRC in September 2018.

Mr. Yihui LI (李屹暉), aged 58, 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 director of Zhuhai Linghang Composite Material Technology Limited * (珠海領航複合材料科技有限公司) since January 2025, (ii) the project general manager (項目總師) of CAIGA since May 2024, (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 the minister (部長) of aviation products development department of CAIGA from August 2023 to May 2024. He was the chairman 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) from December 2020 to July 2024, 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 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ian H CHANG (張仁煳), aged 70, has been appointed as an independent non-executive Director in June 2023, with his appointment taking effect upon Listing. 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 66, has been appointed as an independent non-executive Director in June 2023, with his appointment taking effect upon Listing. 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 59, has been appointed as an independent non-executive Director in June 2023, with her appointment taking effect upon Listing. 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 and an independent non-executive director of 361 Degrees International Limited, a company whose shares are listed on the Stock Exchange (stock code: 1361), since October 2024. 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.

OTHER SENIOR MANAGEMENT

The table below shows certain information in respect of our senior management:

Name	Age	Position
Zean Hoffmeister Vang NIELSEN	47	Chief executive officer
Patrick Christopher WADDICK	59	President of innovation and operation
William Todd SIMMON	56	President of customer experience
George James LETTEN IV	48	Chief financial officer and executive vice president

For biographical details of **Mr. Zean Hoffmeister Vang NIELSEN**, see the section headed "Executive Directors."

Mr. Patrick Christopher WADDICK, aged 59, 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 Aeronautical 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 56, 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 48, 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 May 2008.

COMPANY SECRETARIES

Mr. Wei PI (皮巍), aged 41, 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 (formerly known as Lanzhou Commercial College) in the PRC. He was accredited as an intermediate accountant by Guangdong Bureau of Human Resources and Social Security 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 a 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's 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.

Report of the Directors

The Directors are pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended December 31, 2024 (the "**Financial Statements**").

PRINCIPAL ACTIVITIES

The Group designs, develops, manufactures, and sells premium aircraft recognized across the personal aviation 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. In the first half of 2024, we launched the brand-new G7 line, the 7th generation of our award winning SR2X aircraft. We provide a wide range of products and services which include maintenance, upgrades, training, pilot services, Cirrus IQ and e-commerce.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the Financial Statements on pages 128 to 210 of this annual report.

BUSINESS REVIEW

A review of the business of the Group and a discussion and analysis of the Group's performance during the year, the material factors underlying its results and financial position, the description of the principal risks and uncertainties and an analysis of the Group's performance during the year using financial key performance indicators are provided in the section headed "Management Discussion and Analysis" of this annual report on pages 19 to 30. The future development of the Group's business is discussed throughout this annual report including in the section headed "Business Development" of this annual report on page 18 and the section headed "Management Discussion and Analysis" of this annual report on pages 19 to 30. The Board recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure the Group's compliance to the prevailing environmental protection laws and regulations. Additional details regarding the Group's performance on environmental and social-related key performance indicators and policies are provided in the "Environmental Policies and Performance" of this Report of Directors on page 62.

Compliance with relevant laws and regulations which have a significant impact on the Group are provided in the section headed "Compliance with laws and regulations" of this Report of Directors on page 63; and an account of the Group's relationships with its employees, customers, suppliers, shareholders, etc. are disclosed, in the section headed "Relationship with Stakeholders" of this Report of Directors on page 63.

SHARE CAPITAL AND SHARE PREMIUM

Details of the movements in the share capital and share premium of the Group during the year ended December 31, 2024 are set out in note 21 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity, note 21 and note 33 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Group has distributable reserves of US$598,956 million. Note that potential future distributions out of United States earnings will be subject to 30% withholding tax.

DIVIDEND POLICY

The Board has adopted a dividend policy. The Group does not have any pre-determined dividend payout ratio. The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends: financial results; cash flow situation; business conditions and strategies; future operations and earnings; capital requirements and expenditure plans; interests of shareholders; any restrictions on payment of dividends; and any other factors that the Board may consider relevant in assessing if any dividend might be paid out in a given year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on pages 211 to 212 of this annual report.

DONATIONS

The Group had made a donation of US$73,200 for charitable or other purposes for the year ended December 31, 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in note 13 to the Financial Statements.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group as at December 31, 2024 are set out in note 23 to the Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the public float requirements under Rule 8.08(1)(a) of the Listing Rules. Under the conditions of such waiver as described in the Prospectus, the minimum public float of the Company should be at the higher of (i) 15.0% of the total number of issued Shares, and (ii) such percentage of Shares to be held by the public immediately after the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option. Based on the information that is publicly available to the Company and to the knowledge of the Directors, there was a sufficient public float of the issued Shares as described above from the Listing Date to the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company has been listed on the Stock Exchange on July 12, 2024 by way of global offering of ordinary shares of the Company, including a public offering in Hong Kong of 5,487,600 Shares and an international offering of 49,388,300 Shares, in each case at a price of HK$27.500 per Share. On August 8, 2024, the Over-allotment Option was partially exercised, as a result of which an aggregate of 149,600 Shares were issued and allotted by the Company at HK$27.500 per Share. The net proceeds from the Global Offering (including Shares issued as a result of the partial exercise of the Over-allotment Option) were approximately HK$1,396.02 million, which will be utilized for the purposes as set out in the Prospectus. As at December 31, 2024, the Company had used, and proposed to use, the net proceeds from the Global Offering (including Shares issued as a result of the partial exercise of the Over-allotment Option) according to the intentions previously disclosed by the Company. To the extent that net proceeds are not immediately used for the intended use and to the extent permitted by the relevant law and regulations, the Company will place the net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the SFO or the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits.

The following table sets out the use of the net proceeds from the Global Offering (including Shares issued as a result of the partial exercise of the Over-allotment Option) during the year ended December 31, 2024 and the amount of unutilized net proceeds as at December 31, 2024:

Planned use of net proceeds		Percentage of total net proceeds as previously disclosed %	Amount of allocated net proceeds for the relevant use as previously disclosed (HK$ million)	Approximate amount of net proceeds utilized as at August 27, 2024 (being the date of the interim report for the six months ended June 30, 2024) (HK$ million)	Approximate amount of net proceeds utilized as at December 31, 2024 (HK$ million)	Approximate amount not yet utilized as at December 31, 2024 (HK$ million)	Expected timeline for utilization of unutilized proceeds
1.	Fund innovation, product enhancements, continuing product improvements, and additional research and development activities	30.0%	418.81	–	–	418.81	By December 31, 2027
2.	Enhancement of our production efficiency and capacity	30.0%	418.81	–	–	418.81	By December 31, 2027
3.	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	30.0%	418.81	–	–	418.81	By December 31, 2027
4.	General working capital and other general corporate purposes to support our business operation and growth	10.0%	139.60	–	–	139.60	By December 31, 2025
Total		100.0%	1,396.02	–	–	1,396.02	

Note: Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

Save as disclosed above, the Company has not conducted any equity fund-raising activities during the Reporting Period.

DIRECTORS

The Directors during the year ended December 31, 2024, and up to the date of this annual report are:

EXECUTIVE DIRECTORS
Mr. Hui WANG (王暉) *(Vice Chairman)*
Mr. Zean Hoffmeister Vang NIELSEN *(Chief executive officer)*

NON-EXECUTIVE DIRECTORS
Mr. Lei YANG (楊雷) *(Chairman)*
Mr. Qingchun SONG (宋慶春)
Mr. Liang LIU (劉亮)
Mr. Yihui LI (李屹暉)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ian H CHANG (張仁爀)
Mr. Chung Man Louis LAU (劉仲文)
Ms. Ferheen MAHOMED (alias: 馬穎欣)

According to article 26.3 of the Articles, the Board may appoint any person to be a Director, either to fill a vacancy or as an additional Director. Any Director so appointed shall hold office only until the first annual general meeting (the "**AGM**") of the Company after such Director's appointment and shall then be eligible for re-election at that meeting. Mr. Ian H CHANG, Mr. Chung Man Louis LAU and Ms. Ferheen MAHOMED, whose appointment became effective on the Listing Date, shall retire from office at the forthcoming AGM and, being eligible, offer themselves for re-election at the AGM.

According to article 26.4 of the Articles, at every AGM, one-third of the Directors for the time being (or, if their number is not three or 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. Mr. Qingchun SONG, Mr. Liang LIU and Mr. Yihui LI will retire at the forthcoming AGM and being eligible, offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 31 to 40 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered a service contract with our Company. Each service contract is for an initial term of three years commencing from the Listing Date. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations. Each of the non-executive Directors and 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 Listing Date. The letters of appointment may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Ian H CHANG, Mr. Chung Man Louis LAU and Ms. Ferheen MAHOMED, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors have been independent from the date of their appointment to December 31, 2024 and remain so as at the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, none of our Directors and chief executive has interests and short positions in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, the following are the persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to section 336 of Part XV of the SFO:

Long Positions in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Total Number of Shares	Approximate Percentage of Shareholding (%)
CAIGA Hong Kong *(Note 1)*	Beneficial owner	310,963,318 (Long position)	84.97
CAIGA *(Note 1)*	Interest of controlled corporation	310,963,318 (Long position)	84.97
AVIC *(Note 1)*	Interest of controlled corporation	310,963,318 (Long position)	84.97

Note:

1. CAIGA Hong Kong is wholly-owned by CAIGA, which is in turn owned by AVIC as to approximately 73.39%. Under the SFO, each of CAIGA and AVIC is deemed to be interested in 310,963,318 Shares held by CAIGA Hong Kong.

Save as disclosed above, as at December 31, 2024, the Directors and chief executives of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

As at December 31, 2024, save as disclosed below, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position in the Shares	Position within such company
Mr. Lei YANG	CAIGA	Chairman of the board of directors
Mr. Hui WANG	CAIGA	Senior specialist
Mr. Qingchun SONG	CAIGA	Vice general manager
Mr. Liang LIU	CAIGA	Minister of financial operation department
	CAIGA Hong Kong	Executive director
Mr. Yihui LI	CAIGA	Project general manager

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended December 31, 2024 was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

For the year ended December 31, 2024 and up to the date of this annual report, none of the Directors and Controlling Shareholders (i.e. AVIC, CAIGA and CAIGA Hong Kong) of the Company was interested in any business which competes or is likely to compete with the businesses of our Group.

We have received an annual confirmation from our Controlling Shareholders, in respect of the compliance by and with the provisions of the non-competition undertaking entered into between the Company and our Controlling Shareholders (the "**Non-competition Undertaking**") on June 24, 2024.

Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders undertakes that:

(i) 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**");

(ii) 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 (save for certain circumstances as stated in the Non-competition Undertaking):

a. 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

b. 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;

(iii) 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; and

(iv) where the Controlling Shareholders and/or their respective subsidiaries (other than members of our Group) have, pursuant to subparagraph (iii) 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.

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 listed on the Stock Exchange except for suspension of trading of our Shares due to any reasons.

For details of the Non-competition Undertaking, please refer to the sections headed "Relationship with our Controlling Shareholders — Non-Competition Undertaking", "Relationship with our Controlling Shareholders — Options for New Opportunity" and "Relationship with our Controlling Shareholders — Right of First Refusal" in the Prospectus.

Our independent non-executive Directors have reviewed the compliance with the Non-competition Undertaking for the period from the Listing Date and up to the date of this annual report based on information and confirmation provided by or obtained from our Controlling Shareholders, and were satisfied that our Controlling Shareholders have duly complied with the Non-competition Undertaking.

For the period from the Listing Date and up to the date of this annual report, we have not received any Offer Notice and have not made decisions on our Company's options for New Opportunity and Right of First Refusal.

CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 31 to the Financial Statements, the following transactions constituted connected transactions or continuing connected transactions for the Group under Chapter 14A of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that for the related party transactions falling under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules, it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Save for the transactions mentioned below, none of such related party transactions constituted a connected transaction or a continuing connected transaction of the Group pursuant to Chapter 14A of the Listing Rules. We set out below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

A. Continuing Connected Transactions

AG100 Aircraft Service Framework Agreement

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.

The term of the AG100 Aircraft Service Framework Agreement is three years, commencing on the Listing Date. 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).

AG Zhejiang is a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore an associate of our Controlling Shareholders and a connected person of our Company.

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.

The proposed annual caps in respect of the transactions contemplated under the AG100 Aircraft Service Framework Agreement are (i) US$3.1 million for the year ended December 31, 2024; (ii) US$4.6 million for the year ending December 31, 2025; and (iii) US$4.6 million for the year ending December 31, 2026.

The actual transaction amount incurred in accordance with the AG100 Aircraft Service Framework Agreement for the year ended December 31, 2024 was US$0.533 million. The Group had followed the pricing policies as set out in the Prospectus.

Please refer to "Connected Transactions" section in the Prospectus for details.

Authorized Service Center Agreement

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.

The term of the Authorized Service Center Agreement is three years, commencing on the Listing Date. 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).

AG Services is a wholly-owned subsidiary of CAIGA, our Controlling Shareholder, and therefore an associate of our Controlling Shareholders and a connected person of our Company.

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.

The proposed annual caps in respect of the 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 US$4.0 million, US$5.0 million and US$5.7 million, respectively.

The actual transaction amount incurred in accordance with the Authorized Service Center Agreement for the year ended December 31, 2024 was US$1.47 million. The Group had followed the pricing policies as set out in the Prospectus.

Please refer to "Connected Transactions" section in the Prospectus for details.

Aircraft Kits Sale and Program Services Framework Agreement

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.

The term of the Aircraft Kits Sale and Program Services Framework Agreement is three years, commencing on the Listing Date. 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).

Both AG Huanan and AG Services are wholly-owned subsidiaries of CAIGA, our Controlling Shareholder, and therefore an associate of our Controlling Shareholders and connected persons of our Company.

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.

The proposed annual caps in respect of the transactions contemplated under Aircraft Kits Sale and Program Services Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are US$7.2 million, US$7.4 million and US$7.7 million, respectively.

The actual transaction amount incurred in accordance with the Aircraft Kits Sale and Program Services Framework Agreement for the year ended December 31, 2024 was US$0.388 million. The Group had followed the pricing policies as set out in the Prospectus.

Please refer to "Connected Transactions" section in the Prospectus for details.

Purchase of Engines and Parts Framework Agreement

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).

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 December 31, 2024 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 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.

Our Directors estimated that the total purchase of engines and parts from Continental would not exceed US$50.4 million, US$54.2 million and US$57.0 million for the year ending December 31, 2024, 2025 and 2026, respectively.

The actual transaction amount incurred in accordance with the Purchase of Engines and Parts Framework Agreement for the year ended December 31, 2024 was US$47.1 million. The Group had followed the pricing policies as set out in the Prospectus.

Please refer to "Connected Transactions" section in the Prospectus for details.

B. Connected Transactions

Reference is made to the announcement of the Company dated March 14, 2025. Cirrus Design (a wholly-owned subsidiary of the Company) has been purchasing extended warranty from Continental for its engines pursuant to requests from the Group's customers.

During the period commencing the Listing Date and up to March 14, 2025, the Group's total purchases of extended warranty from Continental amounted to US$3,601,050.

AVIC and its subsidiaries hold 310,963,318 Shares, representing approximately 84.97% of the issued share capital of the Company. AVIC is therefore a substantial shareholder of the Company. Continental is an associate of AVIC and hence a connected person of the Company. The transactions under the extended warranty contracts constitute connected transactions of the Group under Chapter 14A of the Listing Rules.

The consideration and the terms of the extended warranty contracts are determined on normal commercial terms after arm's length negotiations between Continental and Cirrus Design, based on the warranty premium paid by the Group's customers.

Please refer to the announcement of the Company dated March 14, 2025 for details.

Confirmations from independent non-executive Directors and the auditor

The independent non-executive Directors have reviewed the continuing connected transactions mentioned above pursuant to Rule 14A.55 of the Listing Rules and confirmed that the aforesaid continuing connected transactions: (i) were entered into in the ordinary and usual course of business of the Group; (ii) were on normal commercial terms or better to the Group; and (iii) were in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

PricewaterhouseCoopers, the Group's auditor, has confirmed in a letter to the Board that, with respect to the continuing connected transactions mentioned above:

a) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board.

b) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

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 are 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) has been 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 has been regularly monitoring 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 has routinely researched 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 has conducted 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 has conducted 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 and Group has issued a letter to our Board of Directors to express opinions on the continuing connected transactions on an annual basis. We have allowed 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 Listing, 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).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No Director or any entity connected with any Director had a material interest, either directly or indirectly, in any transactions, arrangement or contract of significance to the business of our Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2024 and up to the date of this annual report.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of our Group.

Details of the Directors' remuneration during the year ended December 31, 2024 are set out in note 34 to the Financial Statements.

RETIREMENT SCHEMES

Details of the retirement benefits plans of our Group are set out in note 8 to the Financial Statements.

SHARE OPTION SCHEMES

During the year ended December 31, 2024 and up to the date of this annual report, the Group has no share option scheme.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2024 and up to the date of this annual report.

MATERIAL CONTRACTS

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any material contracts or contract of significance with the Controlling Shareholders or any of their respective subsidiaries, nor had any material contracts been entered into for the services provided by the Controlling Shareholder or any of their respective subsidiaries to the Company or any of its subsidiaries.

MATERIAL LITIGATION

The Group was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

CHANGES IN DIRECTORS AND CHIEF EXECUTIVES

Mr. Qingchun SONG (宋慶春) has been the vice general manager of CAIGA since June 2024.

Mr. Qingchun SONG ceased to be 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)) in June 2024 and ceased to be 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) in July 2024.

Mr. Yihui LI (李屹暉) has been the director of Zhuhai Linghang Composite Material Technology Limited* (珠海領航複合材料科技有限公司) since January 2025.

Mr. Yihui LI ceased to be the chairman 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) in July 2024.

Ms. Ferheen MAHOMED (alias: 馬穎欣) has been an independent non-executive director of 361 Degrees International Limited, a company whose shares are listed on the Stock Exchange (stock code: 1361), since October 15, 2024.

Save as disclosed above, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue during the year ended December 31, 2024.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, the Company did not enter into any equity-linked agreement during the year ended December 31, 2024.

PERMITTED INDEMNITY PROVISION

The Articles provides that every Director and officer of the Company (each an "**Indemnified Person**") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they may incur as a result of any act or failure to act in carrying out their functions other than incurred by reason of their own actual fraud or wilful default. The Company shall also advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. The Company has taken out insurance for Directors and officers against the liabilities attach them in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

The Company has purchased appropriate liability insurance for its Directors and senior management. The permitted indemnity provisions are set out in such liability insurance. Save as disclosed above, no permitted indemnity provision was made by the Company for the year ended December 31, 2024 and no permitted indemnity provision was in force as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2024, the percentage of the aggregate sales attributable to the Group's five largest customers was less than 6.0% of the Group's total sales. The respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 11.8% and 29.9%. These suppliers are relatively large and reputable corporations with long-standing relationships with the Group.

Save as disclosed in the section headed "Connected Transactions" in this annual report, none of the Directors or any of their associates or any shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest customers and suppliers.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders because of their holding of the Shares of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the issue of 149,600 Shares pursuant to the Over-allotment Option for the Global Offering, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any listed securities of the Company (including sale of treasury Shares) during the Reporting Period and as at the latest practicable date prior to printing this annual report.

As at the date of this annual report, the Company did not hold any treasury Shares.

EVENTS AFTER THE REPORTING PERIOD

There have not been any significant events affecting the Group after December 31, 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to reducing its impact on the environment by reviewing and implementing potential projects and activities that will further reduce its effects on the environment in the future. The Group's commitment to the environment extends to its customers, its employees and the community in which it operates. The Group is committed to:

- Complying with all applicable environmental regulations;
- Preventing pollution whenever possible;
- Training its employees on environmental programs and empowering them to contribute and participate;
- Communicating its environmental commitment and efforts to its customers, its employees and its community; and
- Continually improving over time by researching and implementing environmental controls when necessary.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste have been identified during the Reporting Period. For details, please refer to the "Environmental, Social and Governance Report" in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure on-going compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the year ended December 31, 2024, the Group has complied, to the best of the knowledge of the Directors, with all relevant rules and regulations that have a significant impact on the Group.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

RELATIONSHIP WITH STAKEHOLDERS

The Group maintains good relationship with its customers. If there is any complaint from customers about our products or services, it will be reported to the management and immediate remedial action will be taken and feedback from customers will be followed till settlement of the complaint. Thereafter, the cause of such complaint will be studied, analysed and evaluated and recommendations will be in place for improvement.

The Group also maintains a good relationship with its suppliers. During the Reporting Period, no complaint was received from the suppliers and there was no disputed debt or unsettled debt and all the debts are settled on or before due dates or a later date as mutually agreed. In addition, whenever the Group placed orders with the suppliers, all orders were accepted and discounts were provided, if applicable, without hesitation.

During the Reporting Period, there was no dispute on salary payments and all accrued remunerations, at all kinds, were settled on or before their respective due dates, as stipulated under individual employee's employment contract. Being people-oriented, the Group is committed to providing a safe and healthy workplace for its employees and encouraging them to have a work-life balance.

For details of relationship with the employees, customers and supplier, please refer to "Major Customers and Suppliers", "Employee and Remuneration" and the "Environmental, Social and Governance Report" in this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules. From the Listing Date and up to the date of this annual report, the Company has been in compliance with the code provisions set out in the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

We have also adopted the Securities Policy, which applies to all Directors and senior management on terms not less exacting than the required standard indicated by the Model Code as set out in Appendix C3 to the Listing Rules.

Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding director's securities transactions adopted by the Company since the Listing Date.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by PricewaterhouseCoopers, certified public accountants. PricewaterhouseCoopers will be retired and, being eligible to offer themselves for re-appointment at the AGM. A resolution to re-appoint PricewaterhouseCoopers as the auditor of the Company in the following year will be proposed at the AGM. The Group did not change its auditor during the preceding three years.

PROPOSED DISTRIBUTION OF FINAL DIVIDEND

The Board of the Company has resolved to propose at the forthcoming AGM the payment of a final dividend of US$0.1 per ordinary share for the year ended December 31, 2024, with a total distribution amount of US$36,598,881.8. Subject to the approval by Shareholders at the forthcoming AGM, the final dividend for ordinary shares will be payable on or around Monday, July 14, 2025 to Shareholders whose names appear on the register of members of the Company on Monday, June 30, 2025.

CLOSURE OF REGISTER OF MEMBERS

It is proposed that the AGM will be held on Friday, June 20, 2025.

For the purpose of determining who is entitled to attend the AGM, the register of members of the Company will be closed from Tuesday, June 17, 2025 to Friday, June 20 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, unregistered holders of shares shall lodge share transfer documents, together with relevant share certificates, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Monday, June 16, 2025.

Subject to the approval of the Shareholders at the AGM, the proposed final dividend will be dispatched to Shareholders whose names appear on the register of members on Monday, June 30, 2025. The register of members of the Company will be closed from Thursday, June 26, 2025 to Monday, June 30, 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at the above address not later than at 4:30 p.m. on June 25, 2025.

By order of the Board
Cirrus Aircraft Limited
Yang Lei
Chairman

Hong Kong, March 24, 2025

Environmental, Social and Governance Report

SCOPE AND REPORTING PERIOD

This is the Environmental, Social, and Governance (the "**ESG**") report by Cirrus Aircraft Limited (hereinafter referred to as the "**Group**"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix C2 of the Listing Rules set out by The Stock Exchange of Hong Kong Limited. The Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide during the reporting period from January 1, 2024 to December 31, 2024 (the "**Reporting Period**").

The Group principally engaged in the design, development, manufacturing, retail and support of premium aircraft recognized across the personal aviation industry in the United States of America (the "**U.S.**"), incorporating innovations in safety, technology, connectivity, performance, and comfort into the global personal aviation market.

This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social aspects of the business operations in the U.S. during the Reporting Period, unless otherwise stated.

There have been no major changes with the reporting boundary when compared with that for the period from January 1, 2023 to December 31, 2023.

Reporting Principles

The preparation of the ESG Report has applied the following principles:

Materiality — materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, process, and results of the engagement which are presented in the section "Stakeholder Engagement and Materiality" in the Report.

Quantitative — key performance indicators ("**KPI**"s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance — performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency — consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

THE GROUP'S SUSTAINABILITY MISSION AND VISION

CEO Statement

On behalf of the Board of Cirrus, I am pleased to present the ESG Report for 2024/2025. This report highlights our dedication to sustainability, ethical practices and social responsibility as we continue to advance our efforts in these areas within the General Aviation industry.

Cirrus is dedicated to evaluating our overall impact and finding ways to enhance our sustainability for the betterment of the world. The Company has thoughtfully researched, identified, and created a framework to assess opportunities for improving Cirrus' sustainability.

As part of Cirrus' commitment to transparency and accountability, we have detailed our ESG progress, the challenges we have encountered and our ongoing initiatives we aim to achieve in ESG. Today, we have the opportunity to take the necessary steps forward to lead and shape the next generation of General Aviation through ESG — and we are honored to do so.

Within this report, we share our process, principles and business strategy that have contributed to this progress. By collaborating with trusted industry stakeholders over the years, and through the continued innovation and design of revolutionary aviation products and services, we are able to positively contribute to the growth of ESG within General Aviation and as a result enhance the economies that rely on air transportation.

Not only is a sustainable future a collaborative effort, it is one that must be identified with responsibility to create the betterment of our future. This report serves as both a reflection of those achievements and as a guiding principle for Cirrus forward, reinforcing our commitment to continuous improvement and creating a positive impact for future generations.

Thank you for your continued support and partnership in these efforts.

Zean Nielsen, CEO

ESG Governance Structure

Solid corporate governance forms the foundation of the Group's operations. The board of directors (the "**Board**") has the overall responsibility for our sustainability strategy and reporting and oversees sustainability issues related to the Group's operations.

To ensure a better implementation system in place, the Board established a working group which is focused on environmental, social and governance matters (the "**ESG Working Group**"), led by the executive director of marketing and composed of members from cross-functional areas of the business, including among others the Customer Experience Team, the legal team, human resources, facilities management, and the health and safety group. The expanded ESG Working Group ensures that all aspects of our Group are represented. This inclusion of inputs from all areas of the Group brings local perspective to the larger effort and engenders commitment at the local level. The ESG Working Group reports up to the executive leadership level, which includes the chief executive officer and the presidents of innovations and operations and customer experience respectively.

The Board monitors the Group's ESG-related performance via quarterly updates with the executive committee. The ESG Working Group 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 the Group's footprint to identify short-term objectives that can be implemented while the long-term plan is being developed. The ESG Working Group meets quarterly to discuss progress and extend plans for the second phase of the initiative. This commitment to sustainability and the establishment of the ESG Working Group demonstrate the Group's governance structure and its dedication to a sustainable future.

The Board will adopt the following approaches to identify, manage and review material ESG issues:

Identify: The Group will engage key stakeholders, including its major suppliers, management team, employees, and clients to identify material ESG issues and risks inherent in the Group's business operations. The Board believes that open dialogue with stakeholders plays a crucial role in maintaining business sustainability.

Assess: Apart from assessing the performance of the Group's ESG measures through discussion with stakeholders, the Group has engaged an independent third party to identify and assess the Group's performance in respect of environmental protection and climate change.

Review: The Board will review the progress made against ESG-related goals to guide the Group to achieve better ESG performance. Via the Group's 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.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group engages with key stakeholders such as employees, customers, suppliers, shareholders, directors, NGOs, local communities, and other civil organisations in society to understand and address the various needs and concerns of key stakeholders. The Group communicates with stakeholders via various communication channels such as quarterly group meetings, emails, monthly general meetings, annual written communication, donations, and sponsorships.

Additionally, the Group conducts quarterly risk assessment surveys to internally assess the potential effects of important topics on business operations. The Group assesses risks based on the impact to the business, likelihood of it happening, and the Group's vulnerability. For this Reporting Period's risk assessment survey, the Group had engaged with 13 respondents, comprising of company staff who are Senior Vice President level or higher from each department of the Group. Based on the aggregated input from all survey participants, the Group has identified the highest risks as including, supply chain or manufacturing interruption risk, procurement and sourcing risk, labor/talent HR risk to include retention of key personnel, geopolitical risk, customer satisfaction risk and, to a lesser extent, change readiness risk, inefficiencies and scalability risk, and sustainable fuel risk. An additional sixteen other risks were identified and assessed to be at lower levels.

In response to these identified topics, the Group's risk committee has proposed a list of counter strategies which would mitigate their impact on business. The risk mitigation strategies are described further in this ESG report and in applicable sections of the Group's annual report.

For the next ESG report, the Group plans to utilize formal stakeholder surveys and materiality assessments to identify the most significant ESG aspects, as to more comprehensively understand the material topic concerns of both internal and external stakeholders.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on the ESG approach and performance by giving suggestions or sharing views via email to Cirrus Investor Relations at ir@cirrusaircraft.com.

A. ENVIRONMENTAL

The Group's 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 the Group receives, handles, stores, markets, labels, and sells its products, and how its consumers use and dispose of its 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 the Group's products include hazardous material or hazardous materials used in its production or fuelling processes, the Group is subject to regulations that provide guidance on how it must handle such materials and manage the disposal of such materials, among other matters. The Group may be required to send waste that it generates to a permitted hazardous waste disposal facility or a recycler.

The Group is committed to reducing its impact on the environment by reviewing and implementing potential projects and activities that will further reduce its effects on the environment in the future. The Group's commitment to the environment extends to its customers, its employees and the community in which it operates. The Group is committed to:

- Complying with all applicable environmental regulations;
- Preventing pollution whenever possible;
- Training its employees on environmental programs and empowering them to contribute and participate;
- Communicating its environmental commitment and efforts to its customers, its employees and its community; and
- Continually improving over time by researching and implementing environmental controls when necessary.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas ("**GHG**") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste have been identified during the Reporting Period. To ensure continued compliance, the Group utilizes its project management tracking system to track and monitor compliance related expectations. The Group also has partnered with an external environmental consulting firm to ensure that it remains up to date with all relevant environmental regulations. This allows the Group to navigate complex environmental legislation and maintain its compliance. In addition to this, the Group also employed an internal environmental health and safety manager who possesses extensive environmental expertise to oversee its environmental regulatory obligations; he now is one of the leaders of the ESG Working Group. With these measures, the Group believes that it is well-positioned to continue its positive track record of environmental responsibility.

A1. Emissions

The Group has adhered to all relevant regulations outlined by the Minnesota Pollution Control Agency ("**MPCA**") and the EPA, including Hazardous Waste, Air Permitting, Stormwater Permitting, and Wastewater Permitting, which demonstrates the Group's commitment to environmental stewardship.

A1.1 Air Emissions

The Group has obtained a Title V air permit for its operation, which is a requirement outlined by the Clean Air Act of 1970 ("**CAA**"). This permit requires the Group to conduct regular monitoring of air emissions, such as nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), particulate matter ("**PM**"), and Volatile Organic Compound ("**VOC**"), and to comply with recordkeeping obligations.

The Group is also actively exploring the application of Sustainable Aviation Fuel ("**SAF**") in its aircrafts to further reduce its air pollution. Furthermore, the Group is improving equipment performance by utilizing state-of-the-art paint booths, enhancing filter capabilities, and enhancing the efficiency of its painting processes to reduce VOC emissions.

8 light goods vehicles and 3 medium goods vehicles were used for daily business operations, with vehicles primarily running on regular, unleaded, 87 octane gasoline and an estimated average fuel consumption rate of seventeen miles per gallon. During the Reporting Period, the operation of these vehicles as well as the combustion of natural gas in the Group's operations generated several air emissions ("**non-GHG**"), including nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and respiratory-suspended particles ("**PM**").

Mobile fuel source	2024 Non-GHG Emissions		
	SO_x (kg)	NO_x (kg)	PM (kg)
Petrol	3.83	959.09	29.24

Note: Emission factors for calculations on environmental parameters were made with reference to Appendix C2 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

A1.2 GHG Emissions

GHG emissions were generated directly from the consumption of mobile fuel (i.e. unleaded gasoline for company-owned vehicles) and natural gas. Indirect GHG emissions were also generated from the consumption of purchased electricity, processing of freshwater and sewage, and processing of waste generated in operations.

While the scale of operations continues to expand, the Group is establishing better channels to collect, trace, and monitor the total amount of GHG emission emitted. As to gain a more comprehensively understanding of Scope 3 emissions connected to the Group's value chain, the Group shall also disclose 15 reporting categories of Scope 3 emissions where applicable to the Group's operations from this Reporting Period onward.

During the Reporting Period, 15,148.12 tonnes of carbon dioxide equivalent ("**tCO_2eq**") GHG emissions (mainly CO_2, CH_4 and N_2O) were emitted from the Group's operations. The overall intensity of the GHG emissions was 12.68 tCO_2eq/million USD revenue.

See the table below for the contribution of GHG emissions across scopes and activities during the Reporting Period, as well as comparisons with previous reporting periods.

Sources of GHG Emissions during the Reporting Period

Scope of GHG emissions	Emission sources	GHG Emission (2024) (in tCO_2eq)	GHG Emission (2023) (in tCO_2eq)	GHG Emission (2022) (in tCO_2eq)
Scope 1 Direct emissions	Combustion of natural gas in stationary sources	7,854.00	8,756.19	7,354.58
	Combustion of unleaded gasoline in mobile sources	130.00	N/A	N/A
Scope 2 Energy indirect emissions	Purchased electricity	7,276.86	8,019.64	8,663.89
Scope 3 Other indirect emissions	Electricity used for processing fresh water by government departments/third parties	25.63	N/A	N/A
	Electricity used for processing sewage by government departments/third parties	21.17	N/A	N/A
	Category 5: Waste generated in operations	0.73	N/A	N/A
Total (in tCO_2eq)		**15,308.39**	**16,775.83**	**16,018.46**
Intensity (in tCO_2eq/million USD revenue)		**12.79**	**15.70**	**17.92**

Note 1: As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, Scope 1 greenhouse gas emissions refer to direct emissions from equipment and operations that are owned or controlled by the Group (thus emissions from aircraft that are sold to customers are not included).

Note 2: As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, 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 the Group.

Note 3: Emission factors were made in reference to Appendix C2 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.

Note 4: According to Greenhouse Gas Equivalencies Calculator — Calculations and References as provided by the EPA (2024): Emission factor of 0.0548 tCO_2e/Mcf was used for combustion of natural gas.

Note 5: According to Greenhouse Gas Equivalencies Calculator — Calculations and References as provided by the EPA (2024): Emission factor of 0.394 tCO_2e/MWh was used for purchased electricity from electricity grids in the U.S. in 2024; Emission factor of 0.433 tCO_2e/MWh was used for purchased electricity from electricity grids in the U.S. in 2023 and 2022.

Note 6: According to Operational carbon footprint of the U.S. water and wastewater sector's energy consumption as published by the Journal of Cleaner Production (2021): Emission factor of 0.46 $kgCO_2e/m^3$ was used for processing fresh water in the U.S. in 2024, while emission factor of 0.38 $kgCO_2e/m^3$ was used for processing sewage in the U.S. in 2024.

Note 7: Data for other categories of scope 3 emissions have not yet been collected, and the Group currently does not have the capability to conduct data collection for these categories; however, the Group shall endeavour to dedicate resources to complete scope 3 emissions disclosure in due time.

Note 8: Total GHG Emissions may not equal total of emission sources or sub-totals due to rounding errors.

A1.3 Hazardous Waste

The Group generated an approximate total of 67.50 tonnes of hazardous waste during the Reporting Period. The intensity was 56.38 kg/million USD revenue.

Hazardous waste was generated during manufacturing operations, and all hazardous waste was treated through incineration.

Hazardous Waste Generation during the Reporting Period

Hazardous Waste Type	Annual disposal amount (kg)
Paint waste	53,009.07
Waste solvents	10,062.00
Corrosive liquids	1,939.11
Gun cleaner solvent	1,084.00
Amines	244.94
Flammable liquids	244.94
Isopropyl/Triethanolamine	224.53
Sodium hydroxide	224.53
Water resin solution	224.53
Hazardous waste liquids	146.96
Aerosols	68.04
Hydrogen peroxide	20.41
Organic peroxide	2.27
Total	**67,495.33**

A1.4 Non-hazardous Waste

The Group generated an approximate total of 80.36 tonnes of non-hazardous waste during the Reporting Period, of which the intensity was 67.13 kg/million USD revenue.

Non-hazardous waste was generated during manufacturing operations, and was treated either through incineration, landfilling, or recycling as detailed below.

Non-hazardous Waste Generation during the Reporting Period

Non-hazardous Waste Type	Annual disposal amount (kg)	Treatment Method
Aluminum oxide dust	76,702.31	Landfilling
Sanding debris	2,948.00	Landfilling
Bisphenol A epoxy resin	340.19	Incineration
Traxol EP3	224.53	Incineration
Spill cleanup absorbent materials	75.00	Recycling
Spent oil filters	68.00	Recycling
Total	**80,358.04**	

A1.5 Measures to Mitigate Air and Greenhouse Gas Emissions

Since the main source of emissions for the Group is the consumption of natural gas and electricity, the Group has implemented internal policies to ensure the efficient use of natural resources in production processes, responsible management of energy resources, and effective implementation of energy management measures. Further details of the Group's energy use efficiency initiatives are presented in the section "A2. Use of Resources".

The Group had set the long-term target of reducing its GHG emissions intensity by 10% by 2030, using 2022 data as the baseline. See below for the detail breakdown of the Group's progress towards its emission reduction target.

	2022 Figures	Reduction Target by 2030	2024 Figures	% Change
Scope 1 GHG Emissions	8.23 tCO_2eq./million USD revenue	−10%	6.67 tCO_2eq./million USD revenue	−19%
Scope 2 GHG Emissions	9.69 tCO_2eq./million USD revenue	−10%	6.08 tCO_2eq./million USD revenue	−37%

Since the Group is still in the process of completing disclosures for Scope 3 GHG emissions, reduction targets for Scope 3 emissions shall only be set when more comprehensive data has been collected.

The Group strives to improve and review the GHG reduction measures continuously, as to achieve its best performance of GHG reduction in the long-term.

A1.6 Waste Handling and Reduction Initiatives

The Group recognizes that its operations have the potential to negatively impact the environment, and therefore has established internal policies at its assembly campus in Duluth to minimize its 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, the Group has implemented a Spill Prevention, Control, and Countermeasure Policy at its assembly campus in Duluth, Minnesota and its Vision Centre 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. The Group 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 the Group continues to minimize its impact on the environment. The Group strives to improve and review the waste reduction measures continuously.

A2. Use of Resources

A2.1 Energy Consumption

As an aircraft manufacturer and retailer, the Group mainly consumes natural gas and electricity in the course of its operation. Natural gas is used in building heating operations and manufacturing equipment for processes requiring heat. At the Group's manufacturing facility in Grand Forks, its assembly campus in Duluth, and its Vision Centre in Knoxville, natural gas is the primary source of heat for all buildings. In Grand Forks, natural gas is also used to heat composite layup parts in the ovens. In Duluth, the ovens and paint booths are used for composite bonding and paint finishing, with the exception of the electricity section noted below. In Knoxville, 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, electricity powers the Jet composite and small bonding fixtures, and in Knoxville, it powers the Full Flight (Motion) Simulator.

The Group's company vehicles, consisting of light goods vehicles and medium goods vehicles, primarily consumed regular, unleaded, 87 octane gasoline.

During the Reporting Period, the total energy consumption by the Group was 62,118,448.39 Kilowatt-hour ("**kWh**"), with an intensity of 51,889.35 kWh/million USD revenue. See below for the detail breakdown of energy consumption during the Reporting Period, as well as comparisons with previous years.

Energy Source	Unit	**2024 Consumption**	2023 Consumption	2022 Consumption
Natural Gas	CCF	**1,433,212.39**	1,589,143.61	1,334,768.82
Electricity	MWh	**15,446.35**	18,521.12	20,008.98
Unleaded Gasoline	litres	**48,736.60**	N/A	N/A
Total energy consumption	MWh	**62,118.45**	65,083.02	59,117.71
Total energy consumption intensity	MWh/million USD revenue	**51.89**	60.91	66.12

Note 1: 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.

Note 2: Company vehicles had an estimated average fuel consumption rate of seventeen miles per gallon.

Note 3: Conversion factors were used pursuant to IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

A2.2 Water Consumption

The total water consumption for the Group was 55,713.30 m^3, with an intensity of 46.54 m^3/million USD revenue. No issues on sourcing water that is fit for purpose were reported during the Reporting Period. See below for the detail breakdown of water consumption during the Reporting Period, as well as comparisons with previous years.

	Unit	**2024 Consumption**	2023 Consumption	2022 Consumption
Water consumption	m^3	**55,713.30**	44,712.03	31,878.14
Water consumption intensity	m^3/million USD revenue	**46.54**	41.81	35.65

A2.3 Energy Use Efficiency Initiatives

The Group consumes energy primarily in production facilities and service centers, and is actively developing energy initiatives to reduce consumption during the manufacturing process. In addition, the Group has 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, the Group has 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 its Innovation Center building.

The Group is also actively investigating various methods to improve its fuel and energy use efficiency. At present, the Group is planning to implement the following measures:

- Actively improve energy efficiency to reduce GHG emissions from fuel combustion, including:
  - — Streamlining production processes to reduce energy consumption and improves productivity;
  - — Conducting a thorough analysis of the production workflow to identify and address any bottlenecks; and
  - — Promoting regular communication and feedback among employees to encourage the exchange of energy-saving ideas and initiatives.
- 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; and
  - — Allocating R&D efforts to develop and integrate more efficient engines into the aircraft's design.
- Consider the use of renewable energy for daily operations to reduce carbon footprint;
- Develop stringent internal management and examination system throughout the whole production process to promote efficient energy use;
- Upgrade production equipment periodically to energy-efficient alternatives; and
- Allocate more resources to R&D to develop innovative solutions.

Through these policies and energy-saving measures, the Group has demonstrated its commitment to conserving energy and promoting responsible resource use.

The Group had set the long-term target of reducing its energy consumption intensity by 10% by 2030, using 2022 data as the baseline. See below for the detail breakdown of the Group's progress towards its energy consumption reduction target.

	2022 Figures	Reduction Target by 2030	2024 Figures	% Change
Natural Gas Consumption Intensity	1,492.90 CCF/million USD revenue	−10%	1,197.20 CCF/million USD revenue	−20%
Electricity Consumption Intensity	22.38 MWh/million USD revenue	−10%	15.43 MWh/million USD revenue	−31%

The Group strives to improve and review the energy-saving measures continuously as to achieve its energy saving targets over the long-term.

A2.4 Water Use Efficiency Initiatives

The Group has not yet implemented any official policies or measures regarding the conservation of water resources. Nevertheless, the Group endeavours to minimize its water usage and encourages its employees to reduce water consumption wherever possible. As part of its commitment to environmental protection and sustainability, the Group shall assess setting water consumption reduction targets to minimize its impact on the environment.

The Group strives to improve and review the waste reduction measures continuously.

A2.5 Packaging Material

The Group's operations during the Reporting Period did not track the consumption of packaging materials, and it is not expected that those would be significant as even our aftermarket parts business merely passes through packaging from our suppliers. However, in 2025 the Group has put in place a tracking program for packaging materials received from suppliers and supporting its aftermarket parts business in compliance with new Minnesota laws going into effect 1 July 2025 requiring Extended Producer Responsibility ("**EPR**") fees for packaging.

A3. 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 CO_2 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, the Group's operations and products are not considered to have a significant impact on the environment. Nevertheless, the Group recognizes the importance of environmental protection, and endeavours to reduce its impact on the environment.

A3.1 Significant Impacts of Activities on the Environment

The Group's operations and manufacturing processes require a notable amount of natural gas and electricity consumption, which contributes to the consumption of natural resources. In an effort to reduce its energy consumption, the Group has implemented various energy-saving measures throughout its office centers and other facilities. See the section "A2. Use of Resources" for further details.

Aside from its business operations, the Group is also aware of the sustainability performance of our products and their potential impacts on the environment and natural resources. The Group's SR2X Series aircraft operate on leaded aviation gasoline ("**avgas**"), currently using 100 low-lead ("**100LL**") avgas for the piston engines.

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. The Group has been actively participating in the Piston Aviation Fuel Initiative ("**PAFI**") and Eliminate Aviation Gasoline Lead Emissions ("**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, the Group is dedicated to finding alternative solutions for the piston-engine aircraft industry.

In addition to its SR2X Series aircraft, the Group's product lineup also features the Vision Jet. Designed for short-haul private travel, the Group acknowledges the potential environmental risks associated with its operation, such as its carbon footprint and air emissions. However, the Group has also taken steps to address these concerns. According to Jet Support Services, Inc. ("**JSSI**") Conklin & de Decker's CO_2 Calculator[1], 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, the Group hopes to reduce the carbon intensity and the amount of air pollutants, which contributes to a more environmentally friendly aviation industry.

A4. Climate Change

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.

As such, it is crucial for the Group to prioritize climate change and take action to mitigate risks and capitalize on opportunities to ensure its long-term success. In alignment with the Task Force on Climate-Related Financial Disclosures ("**TCFD**") framework, the Group shall be disclosing its climate-related information based on the four core elements of Governance, Risk Management, Strategies, and Metrics and Targets.

1 https://conklindedecker.jetsupport.com/co2-calculator?id=10281

Governance of Climate-related Risks Management

The Board prioritizes managing climate change risks by embedding ESG considerations, including climate-related issues, into the corporate governance framework. It enhances board-level oversight and guides management in addressing climate risks within existing business processes and their impact on the Group's overall strategy. Climate-related risk management has been incorporated into the Group's broader risk management system. The Board collaborates with the ESG Working Group and external consultants to monitor the effectiveness of climate risk management, discuss and report on related measures, and develop strategies through Board meetings, stakeholder engagement, and seeking professional advice. Additionally, the Board is responsible for developing contingency plans based on identified risks to strengthen the Group's resilience against the adverse effects of extreme weather events. The Group is committed to ensuring uninterrupted production and operations while safeguarding public security and the lives and property of its employees.

The Group's Climate-related Risks Management

A warming planet creates a wide range of risks for businesses, from disrupted supply chains to rising insurance costs to labour challenges. The Group employs both qualitative assessments (e.g., expert judgment) and quantitative models (e.g., climate scenario analysis) to evaluate the potential impact and likelihood of identified climate-related risks.

With the increasing threat of climate change and the associated physical damage, change in market perception and shift in preference of the public towards more environmentally friendly products and services, the financial, reputational and strategic risk implications are becoming increasingly prominent. Climate change will undoubtedly be of increasing concern to the Group and industry as a whole for the foreseeable future.

The Group has identified various risks and opportunities that climate change pose, which shall be explored in further detail below:

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, the Group relies 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 the Group's business operation.

Transition Risks:

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 Federal Aviation Administration of the U.S. Department of Transportation ("**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 ("**ICAO**") negotiations and has announced a series of actions aimed at promoting sustainable aviation fuel 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. The Group is dedicated to operating in a sustainable manner to ensure the long-term viability of the business.

Strategies of Climate-related Risks and Opportunities Management

Mitigating Physical Risks:

The Group acknowledges the significant risk that extreme weather poses to its fixed assets, particularly its manufacturing facilities. Nonetheless, the Group's facilities' geographical locations in North Dakota and Minnesota are not susceptible to hurricanes, tornadoes, and flooding, and as such are at a lower risk of experiencing property damages and revenue loss from extreme weather. To further mitigate the potential physical risk, the Group has purchased production plant insurance to safeguard our property assets.

In addition, the Group's 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, the Group is considering making such measures a requirement for potential suppliers or business partners seeking to do business. Furthermore, the Group will factor in all climate risks and locations when establishing new plants or considering mergers and acquisitions.

Mitigating Transition Risks:

Technology

The Group is 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, the Group's latest aircraft model — The Vision Jet, is designed and certified to burn SAF that has been labelled to meet the American Society for Testing and Material International ("**ASTM**") D1655 Standard Specification for Aviation Turbine Fuels. Through the incorporation of SAF in the Vision Jet, the Group is able to achieve a minimum of a 50% reduction in lifecycle GHG emissions compared to conventional fuel. The Group is continuing to test new SAF fuels to further reduce the air and GHG emissions in our single-engine jet aircraft. In addition, the Group actively monitors climate-related risks and reviews its policies when necessary.

Legal and policy

To mitigate legal and policy risks, the Group will take notice of all legal and regulatory updates about new regulations and emission standards that may affect its business by monitoring government websites, industry associations, and news outlets, and ensure that the Group is fully prepared to comply with more stringent regulations. Furthermore, with its investment in research and development of new technologies and infrastructure for alternative aviation fuels, the Group is actively improving its sustainability performance and is always prepared to be complying with new regulations and emission standards.

Reputation

The Group has been prioritizing sustainability and will actively engage with its stakeholders, including customers, investors, and employees, to understand their expectations and concerns around sustainability. In addition, the Group will establish environmental targets for reducing its carbon footprint and regularly review and report their progress. By doing so, the Group demonstrates its commitment to sustainability and provide transparency to stakeholders. Finally, to further increase transparency and provide accurate disclosure of sustainability-related information, the Group will continue to publish ESG reports annually. These reports provide stakeholders with a comprehensive overview of our sustainability initiatives, progress, and future plans, which ensures its customers that the Group operates in a sustainable and responsible manner.

Climate-related Opportunities:

Under the transition to a low-carbon economy, the Group can also seize opportunities such as developing innovative technologies and adopting sustainable practices to reduce its carbon footprint and improve its environmental performance.

In particular, the Group has 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 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, the Group has committed to testing alternate fuels to reduce its carbon footprint by 2030. This transition has motivated the Group to explore new technologies and further enhance our sustainability performance.

Under these measures, the Group has the potential to expand its market to include environmentally conscious customers.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in $tCO_2eq.$), total GHG emissions (in $tCO_2eq.$) and the GHG emission intensity (in $tCO_2eq.$/million USD revenue) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions".

B. SOCIAL

1. Employment and labour practices

The Group adheres to the relevant laws and regulations to ensure employees' interests are protected. 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.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

B1. Employment

B1.1 Employment Figures

As of December 31, 2024, the Group had a total number of 2,653 employees. See below for the detail breakdown of the 2024 workforce.

Total Workforce as of December 31,	2024 Number	2024 Percentage
By Gender		
Male	2,183	82.41%
Female	466	17.59%
Undisclosed	4	<0.01%
By Employment Type		
Full-Time	2,548	96.04%
Part-Time	105	3.96%
By Employee Category		
Senior Management	24	0.90%
Middle Management	240	9.05%
Frontline and Other Employees	2,389	90.05%
By Age Group		
18–25	482	18.17%
26–35	855	32.23%
36–45	606	22.84%
46–55	371	13.98%
56 or above	339	12.78%
By Geographical Location		
U.S.	2,653	100.00%
Total	2,653	100.00%

B1.2 *Turnover Rate*

A total of 622 employees left the Group during the Reporting Period, which corresponds to a turnover rate of 23.45% for the Group. The employee turnover rate by gender, age group, and geographical location are as follows:

Turnovers	2024 Number	2024 Turnover Rate
By Gender		
Male	477	21.85%
Female	144	30.90%
Undisclosed	1	25.00%
By Age Group		
18–25	200	41.49%
26–35	173	20.23%
36–45	121	19.97%
46–55	63	16.98%
56 or above	65	19.17%
By Geographical Location		
U.S.	622	23.45%
Total	622	23.45%

The Group will continue providing better benefits and more developmental opportunities for existing employees to attract and retain talents.

B1.3 *Employee Policies*

In addition to the compliance with laws and regulations, the Group has 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 the Group's HR System ("**UKG**"), confirming job status, compensation, and current benefits enrolment under the Fair Labor Standards Act of 1938 ("**FLSA**").

- Employee Handbook outlines policies on internal transfers, job postings, rest periods, equal opportunity, diversity, and anti-discrimination, and an equal Employment Opportunity Policy is established to promote the diversity and cohesiveness within the Group.

- Termination letter and COBRA 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, and departments allocate budget for continuing education opportunities such as professional certifications, training, and seminars for job-specific training.

- The Group's proprietary training program, Cirrus University, is made accessible to all its employees and provides various online classes from job-specific training to soft skills enhancement.

B2. Employee Health and Safety

Health and safety for employees remains the Group's number one priority. The Group strives 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 U.S.

- Minnesota OSHA ("**MNOSHA**") Standards

Furthermore, the Group:

(1) has applicable Environment, Health and Safety ("**EHS**") policies, including Right to Know, A Workplace Accident and Injury Reduction ("**AWAIR**"), Personal Protective Equipment ("**PPE**"), general safety rules and regulations, hearing conservation, respiratory protection, accident reporting, bloodborne pathogens, and emergency response; and

(2) conducts industrial hygiene monitoring surveys with its insurance carrier as needed based on employee concerns or any hazard.

To ensure compliance with applicable laws and regulations, from time to time, the Group's human resources department would, if necessary and after consultation with legal advisors, adjust its human resources policies to accommodate material changes to relevant labor and safety laws and regulations.

2024 Occupational Health and Safety Statistics	
Number of work-related fatalities	0
Fatality Rate	0.00%
Number of work injuries (sick leave > 3 days)	4
Number of work injuries (sick leave ≤ 3 days)	48
Lost days due to work injury	35

2023 Occupational Health and Safety Statistics	
Number of work-related fatalities	0
Fatality Rate	0.00%

2022 Occupational Health and Safety Statistics	
Number of work-related fatalities	0
Fatality Rate	0.00%

These are the injuries reportable to OSHA, which defines a recordable incident as a work-related injury that includes: 1) medical treatment beyond first aid; 2) loss of consciousness; 3) days away from work; 4) restricted work activity or job transfer; 5) death; or, 6) significant injury or illness diagnosed by a physician or other licensed health care professional.

There were no occupational health and safety fatalities as those are tracked by OSHA in the past 3 years, including the Reporting Period. Additionally, there were no instances of non-compliance regarding health and safety laws and regulations, neither were there any material accidents nor any administrative penalties as a result of the violation of laws and regulations relating to occupational health and work safety.

B3. Development and Training

The Group offers extensive career development and training opportunities to all employees. Regular performance evaluations, training assessments, and surveys are conducted to identify and deliver adequate and relevant training programs. Based on these insights, the Group organizes high-quality, professional training to equip employees with the skills needed to tackle workplace challenges and meet future development requirements.

During the Reporting Period, the Group conducted 72,593 training sessions to its employees, covering topics such as leadership, professional industry skills, and business skills. While the Group's current training records do not track length of training sessions, nor the gender and employee category of participating employees, the Group aims to track and disclose further details of its career development and training offered to employees in its next ESG report, including figures for percentage of employees trained and average training hours completed per employee.

B4. Labor Standards

The Group adheres to U.S. laws and regulations, such as the FLSA, to manage its labor practices. Screening and background checks are performed when hiring new employees and the Group does not hire any children under 14 years old, following Part 570 of the FLSA. In addition, the Group strictly follows the Tariff Act of 1930 and prohibits any forced labor, as stated in Section 307 of the Tariff Act.

No child labour, forced, or compulsory labor was reported and/or identified within any of its sites during the Reporting Period. If any incidents of non-compliance are discovered within its operation sites, the Group shall immediately suspend the relevant person's employment and carry out an internal investigation.

2. Operating Practices

B5. Supply Chain Management

During the Reporting Period, the Group did not have a specific policy in place to actively monitor the ESG performance of its suppliers. Nonetheless, the Group has always exercised caution in selecting its suppliers and has prioritized those with a good reputation and track record.

To further strengthen its commitment to sustainability, the Group is currently developing an internal policy that will provide guidance in selecting and managing its supply chain partners. The Group will develop a supplier code of conduct to ensure that the companies it works with uphold high ethical standards pertaining to human rights, labor, anti-corruption, and environment. This Code of Conduct shall set the ethical standard that the Group expects its suppliers to adhere while conducting their business. In addition, under the policy, the Group will also consider to:

- Introduce a sustainability assessment criterion to its ranking system, enabling the Group to evaluate and rank each supplier based on their sustainability initiatives.

- Incorporate sustainability objectives into its program business plans to ensure that the design process includes thorough exploration of more sustainable materials.

- Incorporate a project category for sustainability within cost improvement program buckets, allowing the Group 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, typically the Group's strategic partners, would provide an opportunity for joint public relations initiatives.

By implementing this policy, the Group seeks to foster a supply chain that aligns with its values and contributes to a more sustainable and responsible business ecosystem.

During the Reporting Period, the Group has engaged with 2,170 suppliers from both within the U.S. and outside the U.S.. The details of different suppliers are shown in the following table.

Number of Suppliers by Geographical Region

Region	Number of supplier(s)	Type supplies
Midwest U.S.	1,649	Materials (516): Airplane Parts Suppliers Services (1,133): Site Services, Professional Services, Maintenance, Repair, and Overhaul ("**MRO**"), Capital, IT
Other Regions of the U.S.	439	Materials (89): Airplane Parts Suppliers Services (350): Site Services, Professional Services, MRO, Capital, IT
Outside of the U.S. (Including Europe, United Kingdom, Middle East)	82	Materials (20): Airplane Parts Suppliers Services (52): Site Services, Professional Services, MRO, Capital, IT

B6. Product Responsibility

B6.1 Product Labelling, Health and Safety, and Advertising

Due to the business nature, product labelling practices are generally not applicable to the Group.

As a designer, manufacturer, dealer, and servicer of aircraft, as well as a training provider, the Group is subject to compliance with Federal Aviation Regulations ("**FAR**"s), which set forth that 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.

In addition, the Group has an air safety team dedicated to handling significant incidents and accidents in accordance with its aircraft incident/accident response plan. The 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.

The Group utilizes 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, as well as marketing through non-aviation and lifestyle publications to reach a target audience beyond the typical aviation enthusiast.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided have been identified during the Reporting Period.

B6.2 Quality Assurance

To the Group, safety is of utmost importance, and the Group prioritizes it through the integration of numerous robust safety measures in every aircraft. To uphold high standards, the Group has established a quality system that adheres to Title 14 of the Code of Federal Regulations ("**CFR**") Part 21 — Certification Procedures for Product and Articles.

The Group has also implemented a standard procedure in its Quality Assurance Manual ("**QAM**") to ensure that any nonconforming products are promptly identified, documented, segregated, and corrected in accordance with its 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.

As a manufacturer and seller of personal aircraft, the Group may be liable for injuries and damages caused by its products under broad and consumer-friendly products liability laws if the products are proven to be defective. There were no product recalls or service complaints due to health and safety reasons received during the Reporting Period.

B6.3 Data Protection

The Group has established a strict internal control system for data security and personal information protection. When customers purchase the Group's aircraft and use its services, the Group retains 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 U.S. These areas are protected by modern technologies and industry best practices to ensure the safety and protection of the information.

The Group does not use any data for any purpose other than those specified in the data privacy policy with its users, neither does it use users' data for any purpose that has not been consented by the users or is not necessary for its provision of services to the users. The Group has also implemented procedures to regulate its employees' actions to ensure the secure storage and retention of data, and to prevent any unauthorized member of the public or third parties from accessing or using its customers' data in any unauthorized manner.

The Group is subject to federal and individual U.S. state laws and regulations that dictate whether, how, and under what circumstances it can collect, transfer, process, and/or retain certain data that is critical to its operations, as well as when the Group 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 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. 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. 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.

The Group respects the protection of personal data and is committed to complying with the data protection principles and all relevant provisions of the above-mentioned laws and regulations. During the Reporting Period, there have been no material breaches of any company data or breaches of customers' personal data.

B6.4 Intellectual Property

During the Reporting Period, the Group had obtained 14 trademarks and 2 patents. As of the end of the Reporting Period, the Group had 138 registered trademarks and 12 registered patents in the U.S., Europe, the United Kingdom and other regions.

The Group strictly protects the intellectual property of itself and its business partners. The Group's ability to protect the intellectual property that underpins its product portfolio, and its technology and know-how is critical to its position as a market leader in the personal aviation industry and its competitiveness. The Group seeks to protect its 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.

The Group has taken proactive measures to protect its 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 the Group. Furthermore, the Group has 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.

The Group also engages 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 the Group stays updated on legal developments, follow best practices, and take necessary steps to protect its trade secrets effectively. The Group proactively assesses and mitigates regulatory risks relating to intellectual property through regular audits, legal consultations, and staying informed about changes in international laws and regulations.

The U.S. 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. During the Reporting Period, the Group was not aware of any material infringement (i) by the Group 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 the Group.

B7. Anti-corruption

The Group strives to have a high degree of integrity in all its business activities. As part of its dedication to integrity, the Group is committed to complying with all applicable anti-bribery and anti-corruption laws, rules, and regulations in regions that it operates in, such as the U.S. Foreign Corrupt Practices Act of 1977 ("**FCPA**") and the United Kingdom Bribery Act.

The Group does not tolerate any forms of bribery or corruption, and it strongly encourages its employees to report any violations of anti-corruption and anti-bribery laws to its 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 Reporting Period, the Group had conducted 1,521 training sessions on anti-corruption to its employees. Training topics include the FCPA, legal training, as well as ethics at work and in safety reporting.

The Group has 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 the Group relating to corruption, bribery, fraud and money laundering had been identified during the Reporting Period, nor were there any concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B8. Community Investment

As a responsible corporate citizen, the Group has actively engaged in a wide range of social contribution initiatives to support local development and fulfill its role as a responsible corporate citizen. The Group has identified and addressed the needs of the communities in which it operates, ensuring that its activities align with community interests. This includes maintaining open communication with local communities and participating in charitable events to build stronger connections with those in need. The Group's community engagement efforts are focused on the local community, aviation culture, medical research, and education.

Charitable Donations and/or Sponsorships for Local Community Activities	
Boys & Girls Clubs of the Tennessee Valley	10,000.00 USD
Neighborhood Youth Services	10,000.00 USD
Zoo Knoxville	8,000.00 USD
St. Louis County Historical Society	2,500.00 USD
23rd Veteran	1,000.00 USD
Rotary Club of Superior	1,000.00 USD
Hermantown Summer Softball Association	400.00 USD
Duluth 709 Baseball	300.00 USD
Duluth Friends of Tennis	300.00 USD
Proctor Area Youth Baseball	200.00 USD

Charitable Donations and/or Sponsorships for Aviation Cultural Activities	
National Aviation Hall of Fame	25,000.00 USD
Triple Tree Aerodrome	7,500.00 USD

Charitable Donations and/or Sponsorships for Medical Research	
Alzheimer's Association	5,000.00 USD

Charitable Donations and/or Sponsorships for Education	
University of Minnesota Foundation	2,000.00 USD

The Board is pleased to present this Corporate Governance Report in this annual report of the Group for the year ended December 31, 2024.

CORPORATE GOVERNANCE CULTURE AND STRATEGY

A healthy corporate culture across the Group is integral to attaining its vision and strategy. It is the Board's role to foster a corporate culture with the following core values and to ensure that the Company's vision, values and business strategies are aligned to it.

Integrity, safety, trust, innovation, vision, and passion are the core values of the Company. Integrity forms the foundation of the Company, safety creates a positive and secure workplace for every employee and customer, trust builds lasting relationships and an environment where people feel valued and respected, innovation drives development, vision embraces the commitment to continuously improve, and passion aligns the Company's commitment to excellence with the ultimate goal of delivering an aviation experience to customers that is the pinnacle of innovation, quality and safety. The Company is dedicated to maintaining high standards of business ethics and corporate governance across all activities and operations. The Directors, Management and staff are all also required to act lawfully, ethically and responsibly.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board recognizes the importance of corporate governance practice of a listed company. It is in the interests of the stakeholders and shareholders for a listed company to operate in a transparent manner.

The Company is committed to maintaining high standards of corporate governance to safeguard the interest of the Shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has applied the principles and complied with all applicable code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules.

Code provision C.5.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on July 12, 2024, the Company only held 2 Board meetings since its listing. The Company will hold at least four regular Board meetings for the year ending December 31, 2025.

DIRECTORS

Board Composition

The Directors during the year ended December 31, 2024 and up to the date of this annual report are:

Executive Directors

Mr. Hui WANG (王暉) *(Vice Chairman)*
Mr. Zean Hoffmeister Vang NIELSEN *(Chief executive officer)*

Non-Executive Directors

Mr. Lei YANG (楊雷) *(Chairman)*
Mr. Qingchun SONG (宋慶春)
Mr. Liang LIU (劉亮)
Mr. Yihui LI (李屹暉)

Independent Non-Executive Directors

Mr. Ian H CHANG (張仁爀)
Mr. Chung Man Louis LAU (劉仲文)
Ms. Ferheen MAHOMED (alias: 馬穎欣)

Attendance Records of Directors and Board Committee Members

	Attendance/Number of meetings			
Name of Director	Board Meeting	Audit, Risk Control and Compliance Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Mr. Hui WANG (王暉)	2/2	—	—	—
Mr. Zean Hoffmeister Vang NIELSEN	2/2	—	—	—
Mr. Lei YANG (楊雷) *(Chairman)*	2/2	—	0/0	—
Mr. Qingchun SONG (宋慶春)	2/2	—	—	1/1
Mr. Liang LIU (劉亮)	1/2	1/1	—	1/1
Mr. Yihui LI (李屹暉)	2/2	—	—	—
Mr. Ian H CHANG (張仁爀)	2/2	—	0/0	1/1
Mr. Chung Man Louis LAU (劉仲文)	2/2	1/1	0/0	1/1
Ms. Ferheen MAHOMED (alias: 馬穎欣)	2/2	1/1	—	0/1

As the Company became listed on the Listing Date, no annual general meeting was held during the Reporting Period.

During the period from the Listing Date to December 31, 2024, the Chairman held a meeting with independent non-executive Directors without the presence of executive Directors in compliance with code provision C.2.7 of the CG Code.

The biographical information of the Directors as at the date of this annual report is set out in the section headed "Directors and Senior Management" of this annual report.

There was no financial, business, family or other material/relevant relationship among members of the Board.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board which contribute to its efficient and effective functioning. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Independent non-executive Directors are also invited to serve on the Audit, Risk Control and Compliance Committee, the Remuneration Committee and the Nomination Committee.

The CG Code requires directors to disclose to the Company the number and nature of offices that they hold in public companies or organizations and other significant commitments as well as the identity of those public companies or organizations and an indication of the time involved. The Directors have agreed to disclose their commitments to the Company in a timely manner.

Responsibilities

The Company is headed by the Board, which assumes responsibility for leadership and control of the Group. The Directors are collectively responsible for promoting the success of the Group by directing and supervising its affairs in an effective manner.

The Board is responsible for all major aspects of the Group's affairs, including setting overall strategies and priorities, identifying and assessing the opportunities and challenges that the Group might face, approving annual budgets, ensuring that sound internal control and risk management systems are in place and monitoring the performance of the management.

In addition, the Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code, the duties of which shall include:

- to determine the policy for the corporate governance of the Company;
- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the issuer's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the Reporting Period, the Board has performed the corporate governance duties as follows:

- reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code and made recommendations to the Board on changes and updates;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- formulated, reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors;
- reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- performed such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

Delegation of Management Function

The Board reserves for its decision all major matters relating to strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

The Board has delegated functions to Management based on established policies or materiality thresholds. Functions granted to Management within the prescribed governance are as followed: financial management, human resources and talent management, risk and compliance management, customer and stakeholder relations, technology and innovation oversight, and operational oversight of day-to-day business activities. The delegated functions and work tasks are periodically reviewed.

The Management Team shall prepare quarterly and annual business report (including borrowings, guarantees, single asset disposals, major natural disasters and emergencies, litigation, arbitration and other legal affairs handling with such monetary value exceeding the value as notified by the Board of Directors to the Management Team from time to time, and change of financial director or matters which the Management Team believes should be reported to the Board of Directors) and report to the Board of Directors.

Independent Non-Executive Directors

During the year ended December 31, 2024 since the Listing Date, the Board has at all times met the requirements of the Listing Rules in relating to including at least three independent non-executive directors representing at least one-third of the board with at least one of whom having appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmations from all independent non-executive Directors acknowledging full compliance with the relevant requirements in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company therefore is of the view that all of the independent non-executive Directors are independent.

Chairman and Chief Executive

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Chairman of our Company is Mr. Lei YANG, who provides leadership for the Board and is responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. He is also responsible for the strategic management of the Group and for formulating the Group's overall corporate direction and task. The chief executive officer is Mr. Zean Hoffmeister Vang NIELSEN, who is responsible for the overall management and operations of the Group. He is also responsible for running the Company's businesses and implementing the Group's strategic plans and business goals.

To facilitate a timely discussion of all key and appropriate issues by the Board, the Chairman co-ordinates with the senior management to provide adequate, complete and reliable information to all Directors for consideration and review.

Non-Executive Directors and Re-Election of Directors

Code provision B.2.2 of the CG Code states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Each of the executive Directors of the Company has entered into a service contract with the Company for an initial term of three years while each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from the Listing Date. The letters of appointment sets out the key terms and conditions of their appointments, and may be renewed in accordance with the Articles.

Under the Articles, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Director shall retain office until the close of the meeting at which such Director retires and shall be eligible for re-election at such meeting. At annual general meetings which any Directors retire, the Company may also fill the vacated office by electing a like number of persons to be Directors.

Directors Training

Each newly appointed Director received a comprehensive induction on his/her appointment so as to ensure that he/she has a proper understanding of the Group's operations and business and his/her responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

According to code provision C.1.4 of the CG Code, the Directors acknowledge the need for continuous professional development to develop and refresh their knowledge and skills, thereby ensuring that their contribution to the Board remains to be informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be circulated to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year under review, the Directors have (i) read materials that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors; and (ii) participated in the following trainings:

Content	Name of Director	Position	Attendance in trainings relevant to the business/ Directors' duties
Topics: Continuing Obligations; Inside Information Disclosure; Notifiable Transactions; and Connected Transactions	Lei YANG	Non-executive Director and Chairman of the Board of Directors	√
	Hui WANG	Executive Director and vice Chairman of the Board of Directors	√
	Qingchun SONG	Non-executive Director	√
Date: December 13, 2024	Liang LIU	Non-executive Director	√
	Yihui LI	Non-executive Director	√
	Zean Hoffmeister Vang NIELSEN	Executive Director and chief executive officer	√
	Ian H CHANG	Independent non-executive Director	√
	Chung Man Louis LAU	Independent non-executive Director	√
	Ferheen MAHOMED	Independent non-executive Director	√

Supply of and Access to Information

The Management has an obligation to furnish the Board with complete, adequate and appropriate information in such form and such quality in a timely manner so as to enable them to make an informed decision and to discharge their duties and responsibilities as Directors. All the Directors are given separate and independent access to the Company's senior management, which allow Directors to make further enquiries where necessary. Directors are also given access to the joint company secretaries to ensure that Board procedures and all application rules are followed.

The Company expects to hold Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and propose matters to be included in the agenda for the Board meeting.

For other Board and committee meetings, reasonable notice will generally be given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be informed on the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the Board meetings and committee meetings will be recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft and final versions of minutes of each Board meeting and committee meeting will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The joint company secretaries are responsible for keeping minutes records which can be accessed by any Director for inspection.

Board Independence

The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. The mechanisms include, (i) all Directors are encouraged to express their views in an open and candid manner during the Board meetings, (ii) no equity based remuneration with performance related elements will be granted to independent non-executive Directors, (iii) all independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm their independence; (iv) the independence of each independent non-executive Director will be assessed before appointment; and (v) one-third of the Board are independent non-executive Directors.

The current composition of the Board has a strong independence element and provides sufficient balance of skills, experience and diversity of perspectives in leading the Company to achieve its goal. The independent non-executive Directors also provide independent judgment in the Board's overall decision-making process, ensuring that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company received annual confirmation of independence under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and believes that their independence is in compliance with the Listing Rules.

The Board has reviewed the implementation and effectiveness of the Board independence mechanism for the year ended December 31, 2024 and considered it to be effective.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Level and Make-Up of Remuneration and Disclosure

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Details of the remuneration of each of the Directors for the year ended December 31, 2024 are set out in note 34 to the consolidated financial statements in this annual report.

The biographies of the senior management are disclosed in the section headed "Directors and Senior Management" in this annual report. Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the members of senior management (excluding Directors) by band for the year ended December 31, 2024 are as follows:

Remuneration Band	No. of individual(s)
US$2,000,001 to 2,100,000	—
US$2,100,001 to 2,200,000	—
US$2,200,001 to 2,300,000	1
US$2,300,001 to 2,400,000	—
US$2,400,001 to 2,500,000	2

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the Company's account which gives a true and fair view of the financial position of the Company. The Company deploys appropriate and sufficient resources to prepare the financial statements for the year ended December 31, 2024.

The Management has provided the Board with necessary explanation and information in enabling the Board to conduct an informed assessment of the Company's financial statements, which are put to the Board for approval. The Management is also required to respond to the queries and concerns raised by the Audit, Risk Control and Compliance Committee and the Board to their satisfaction. Monthly updates on the Company's performance, positions and prospects are provided to all members of the Board.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

For details of the remuneration received by the independent auditors for audit and non-audit services provided to the Company, please refer to note 6 of the consolidated financial statements.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 121 to 127 of this annual report.

Risk Management and Internal Control

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, establishing and maintaining appropriate and effective risk management and internal control systems. The Board also clarifies that the system is purported to manage, but not eliminate, the risk of failure to fulfil business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established an internal audit function to review the financial condition, operational condition, risk management, compliance control and internal control of the Group. Management is responsible for performing risk assessment, and owning the implementation and maintenance of internal control. Essential to such risk management and internal control systems are well defined policies and procedures that are properly documented and communicated to employees.

The Group's risk management and internal control system is embedded within our business processes so that it functions as an integral part of the overall operation of the Group, the key elements of which include:

- the Company's 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 Management;

- the Company's 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;

- various measures and procedures across the Company's business operations, including quality control and assurance, intellectual property protection, environmental protection and occupational health and safety have been adopted; and

- various trainings will be arranged from time to time to update the Company's Directors, senior management and relevant employees on the latest applicable laws and regulations.

For 2024, the Board, with the assistance of the Audit, Risk Control and Compliance Committee, has conducted a review on the work of the internal audit function, as well as the effectiveness of the risk management and internal control systems including the adequacy of resources, staff's qualifications and experience, training programs and budget on the Company's accounting, financial reporting functions and ESG performance. Such review will be conducted at least once a year, so as to ensure the Shareholders' investment and the Company's assets are properly safeguarded. The Board is satisfied that, based on the information supplied and its own observations, the present risk management and internal control systems and internal audit function are effective and adequate.

The Company has also engaged Altus Capital Limited as its compliance adviser to provide support and advice regarding requirements of relevant regulatory authorities under the Listing Rules in a timely manner.

Whistleblowing Policy

The Company has 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.

Anti-Corruption Policy

The Company also has in place the anti-corruption policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any violations of anti-corruption and anti-bribery laws to its legal department. Employees can also make anonymous reports to the internal audit department, which is responsible for investigating the reported incidents and taking appropriate measures.

Dissemination of Inside Information

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorized use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the SFC in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

SANCTIONS POLICY

To ensure the Company's compliance with the relevant undertakings to the Stock Exchange, the Company has 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:

- The Company maintains a separate bank account upon the Listing, which is designated for the sole purpose of the deposit and deployment of the proceeds from the Global Offering, or any other funds raised through the Stock Exchange;

- The Company evaluates the sanctions risks prior to determining whether the Company should embark on any business opportunities in Regions subject to International Sanctions or Sanctioned Persons. As a matter of the Company's standard procedures, the Company screens its customers against lists from the 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, the Company 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, the Company's 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, the Company conducts 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, the Company may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;

- The Company has adopted and implemented an export management compliance policy tailored to the Company's 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. The Company's legal team regularly reviews and updates the manual regularly to ensure its compliance with the EAR. As and when the Company's legal team considers necessary, the Company will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice;

- The Company regularly reviews and monitors the status of our export licenses to ensure that the Company has obtained effective and valid export licenses before conducting the relevant transactions, and that the Company's export licenses are renewed in a timely manner before they expire;

- The Company has 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. The Company's 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;

- The Company has 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 European Union, the United Nations, the United Kingdom, 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 the Company's lists, the Company will work with our legal department and/or external counsel to determine and analyze whether to transact with these parties; and

- The Company requires its customers of its aircraft to provide end-use statements in respect of U.S. export control laws and set out export control compliance clauses in relevant contracts.

During the year ended December 31, 2024, the Company (i) has not used the proceeds from the Global Offering 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) has not entered into any business that would cause us, the Stock Exchange, Hong Kong Securities Clearing Company Limited, HKSCC Nominees Limited, our Shareholders or potential investors to violate any sanctions laws of the U.S., the European Union, Australia or the United Nations; and (iii) has not entered into any transaction that, at the time of entry into such transaction, is prohibited by applicable sanctions law.

BOARD COMMITTEES

Audit, Risk Control and Compliance Committee

The Audit, Risk Control and Compliance Committee comprises one non-executive Director, namely Mr. Liang LIU and two independent non-executive Directors, namely, Mr. Chung Man Louis LAU and Ms. Ferheen MAHOMED, with Mr. Lau currently serving as the chairman. The main duties of the Audit, Risk Control and Compliance Committee include the following:

- to review the financial statements and reports before submission to the Board;
- to review and monitor the independence of the external auditor, the objectivity and effectiveness of the audit process in accordance with applicable standard and discuss with external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function; and
- to oversee the risk management and internal control systems of the Group, report to the Board on any material issue, and make recommendations to the Board.

The terms of reference of the Audit, Risk Control and Compliance Committee are available on the websites of the Company and the Stock Exchange.

During the year ended December 31, 2024, the Audit, Risk Control and Compliance Committee held a meeting on August 23, 2024 and had reviewed interim results of Group for the six months ended June 30, 2024 and the risk management systems. In March, 2025, the Audit, Risk Control and Compliance Committee held a meeting and reviewed annual results of Group for the year ended December 31, 2024, reviewed the continuing connected transaction(s) of the Company for the year ended December 31, 2024, reviewed the financial reporting system, risk management (including the environmental, social and governance risks) and internal control systems of the Group, and considered the re-appointment of the auditor of the Company and its fees for 2025. There are proper arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control and other matters in confidence. The attendance records of the Audit, Risk Control and Compliance Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 102.

During the year under review, the fees paid/payable to the Company's auditors in respect of audit and non-audit services provided by the Company's auditors to the Group were as follows:

Nature of services	Amount
Audit services	US$1,178,000
Non-audit services	US$278,000

Nomination Committee

The Nomination Committee currently comprises one non-executive Director, namely Mr. Lei YANG, and two independent non-executive Directors, namely Mr. Ian H CHANG and Mr. Chung Man Louis LAU, 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, assessing the independence of independent non-executive Directors, keeping under review the leadership needs of the organization and monitoring the procedures for evaluating the performance of our Board of Directors. The Nomination Committee has adopted certain criteria and procedure in the nomination of new directors. The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities.

Due to the fact that the Company was listed on July 12, 2024, no Nomination Committee meeting was held during the Reporting Period.

The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

Board Diversity Policy

The Company has implemented a board diversity policy (the "**Board Diversity Policy**") to sets out its approach to achieve diversity in the Board upon the recommendation of the Nomination Committee. The Company recognizes the importance of diversity at the Board level in achieving its strategic goals and maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review the Company's diversity profile (including gender balance) together with the Board Diversity Policy on an annual basis to ensure its effectiveness. When determining the Board's composition, the Nomination Committee will consider the merits of the selected candidates and various diversity perspectives, 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. This ensures that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. To ensure long-term gender diversity on the Board, the Group will seek to identify and select female candidates who possess a diverse range of skills, experience, and knowledge relevant to the Group's business. These candidates will be maintained on a list of potential female successors to the Board, thereby developing a pipeline of qualified female individuals to achieve further gender diversity on the Board.

According to Rule 13.92 of the Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. As at the date of this annual report, the Board comprises 8 male Directors and 1 female Director. At present, the Nomination Committee considers that the Board is sufficiently diverse.

For the purpose of implementation of the Board Diversity Policy, the Board will consider setting measurable objectives and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. As at the date of this annual report, the following measurable objectives were adopted:

(a) at least one of the members of the Board shall be female;

(b) at least one-third of the members of the Board shall be independent non-executive Directors; and

(c) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board is committed to improving the diversity of the Board and has achieved the above objectives as at the date of this annual report.

The Company acknowledges the significance of diversity and strives to promote diversity not only at the Board level but also throughout the entire workforce. The workforce of the Group (including its senior management) comprised approximately 83% male employees and 17% female employees as at December 31, 2024. While the Group has a higher female employment rate than the general aviation industry average, the Group continues to focus on increasing that percentage by the end of 2025.

Nomination Policy

The Board adopted a nomination policy which aims to identify and nominate suitable candidates to the Board from time to time to enhance and strengthen the management quality of the Board. Pursuant to the nomination policy, the Nomination Committee shall consider the following criteria in selecting and recommending candidates for directorships:

(a) the role, responsibilities, capabilities, skills, knowledge, experience and diversity of perspectives required from members of the Board and the senior management;

(b) formulating plans for succession for both executive and non-executive Directors and the senior management;

(c) suitable candidates for the role of independent non-executive Directors;

(d) the policy on the terms of employment of non-executive Directors;

(e) membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees;

(f) the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(g) the continuation (or not) in service of any Director or the senior management who has reached the age of 70;

(h) the re-election by Shareholders of any Director under the "retirement of directors" provisions in the Articles of Association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(i) any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract; and

(j) the appointment of any Director to executive or other office.

For potential candidates who appear to meet the Board's selection criteria, the Nomination Committee shall convene a meeting to discuss and consider recommending the candidate to the Board for appointment as a Director upon obtaining the required information from the candidate. The Nomination Committee shall review whether the candidate is qualified to be appointed, elected or re-elected into the Board under the relevant Listing Rules and the policies of the Company.

The Nomination Committee has reviewed the Board composition and made recommendation to the Board on the re-election of retiring Directors, the Board Diversity Policy, Nomination Policy, the independence of the independent non-executive Directors (including the long servicing independent non-executive Directors), and the appointment of non-executive and independent non-executive Directors. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and will continue to monitor the achievement of the measurable objectives adopted pursuant to the Board Diversity Policy.

Remuneration Committee

The Remuneration Committee currently consists of two non-executive Directors, namely Mr. Liang LIU and Mr. Qingchun SONG, and three independent non-executive Directors, namely Mr. Ian H CHANG, Mr. Chung Man Louis LAU and Ms. Ferheen MAHOMED, 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 the Company, making recommendations to the Board of Directors on the establishment of a formal and transparent procedure for developing remuneration policy, reviewing and approving management's remuneration proposals with reference to corporate goals and objectives and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The objective of the Company's remuneration policy for the Directors and senior management is to attract, motivate and retain talented employees to achieve the Group's long-term corporate goals and objectives. The remuneration of the Directors and senior management is determined with reference to the performance and responsibilities of the individuals, the performance of the Company, prevailing market conditions and remuneration benchmarks from comparable companies. No individual Director or senior management of the Company is permitted to determine his/her own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year 2024, the Remuneration Committee assessed the performance of the Directors, reviewed the Company's policy and structure for all Directors' and senior management remuneration, reviewed the special cash bonus pursuant to the management incentive plan and initiated the formulation of compensation and performance management plan. The attendance records of the Remuneration Committee meeting are set out under "Attendance Records of Directors and Board Committee Members" on page 102.

COMPANY SECRETARY

During the Reporting Period, the joint company secretaries of the Company are Mr. Wei PI ("**Mr. Pi**") and Ms. Hoi Ting WONG ("**Ms. Wong**"). The joint company secretaries of the Company provide support to the Board by ensuring timely flow of information to the Board and facilitating Board's processes. Mr. Pi and Ms. Wong are communicating closely with the Directors and Management Team members through various means, including regular meetings and telephone discussions.

The joint company secretaries confirmed that they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Reporting Period. During the Reporting Period, the primary contact of Ms. Wong at the Company is Mr. Pi.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION

We have also adopted the Securities Policy, which applies to all Directors and senior management on terms not less exacting than the required standard indicated by the Model Code as set out in Appendix C3 to the Listing Rules.

Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding director's securities transactions adopted by the Company since the Listing Date.

COMMUNICATION WITH SHAREHOLDERS

The Board values communication with shareholders and recognizes the importance of transparency and timely disclosure of corporate information. The Company also acknowledges the importance of effective communication, which will enable shareholders and investors of the Company to make informed investment choices.

The annual general meetings of the Company serves as a platform for Shareholders to engage directly with the Directors. The Chairman of the Company, along with the chairpersons of each Board Committee, will be present at the annual general meetings to address shareholders' inquiries. Additionally, the Company's external auditor will attend the annual general meetings to respond to questions regarding the audit process, the preparation and content of the auditor's report, accounting policies, and auditor independence.

To promote effective communication, the Company also maintains a website at https://cirrusaircraft.com/. Up-to-date information of the Company, including interim report, announcements in accordance with the Listing Rules, corporate governance practices, is thereby disseminated to shareholders in a timely manner and made available for public access.

During the year ended December 31, 2024 the Company has not made any changes to the Articles. The latest version of the Articles is also available on the Company's website and the Stock Exchange's website.

Having considered the multiple channels of communication as described above in place, the Board considers that there are sufficient communication channels for the shareholders of the Company to communicate with the Company.

SHAREHOLDERS' RIGHTS

The Board and management of the Company are committed to ensuring that all shareholders are treated equitably and fairly.

Pursuant to the Articles, any shareholder of the Company entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her.

Shareholder(s) holding not less than one-tenth of the voting rights on one vote per share basis of the issued Shares may requisition an extraordinary general meeting. Such written requisition must state the objects and the resolutions to be added to the agenda of the meeting.

Shareholders may send written enquiries and put forward proposals to the Board. Contact details are as follows:

Address: 31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Email: ir@cirrusaircraft.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address.

To the Shareholders of Cirrus Aircraft Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Cirrus Aircraft Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 128 to 210, comprise:

- the consolidated statement of financial position as of December 31, 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to impairment of goodwill and intangible assets.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill and intangible assets Refer to notes 4(b) and 14 to the consolidated financial statements. As of December 31, 2024, the Group reports goodwill and intangible assets of US$116 million and US$266 million at net book amount, respectively, which represents approximately 28% of the Group's total assets as of that date. There was no provision for impairment loss of these assets as of December 31, 2024. The Group is required to perform an impairment test for goodwill and intangible assets with indefinite useful life or not yet available for use annually or when there is indication of impairment, while the impairment test for intangible assets with definite useful lives are performed when there is indication of impairment during the year.	Our audit procedures in relation to the impairment of goodwill and intangible assets included the following: • We obtained an understanding of the Group's internal controls and the impairment assessment process over goodwill and intangible assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias and fraud;

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Management has assessed each intangible asset with definite useful lives whether there are any indicators of impairment, and has performed the impairment test of goodwill and intangible assets with indefinite useful life or not yet available for use based on the recoverable amount of the cash-generating unit ("**CGU**"). The recoverable amount is determined based on value in use calculations using discounted cash flow models. The Group prepared cash flow models based on key assumptions including gross profit margin, long-term growth rate and pre-tax discount rate. We focused on this area due to the relative significance of goodwill and intangible assets balance as of year end and the impairment of goodwill and intangible assets involve significant judgment and estimates.	Regarding intangible assets with definite useful lives • We reviewed the Group's assessment whether there were any indicators of impairment during the year and challenged the reasonableness by interviewing the relevant project teams and checking to the project plans to identify if there is shortfall in performance on the intangible assets; • We challenged the Group's assessment on aircraft certificates included in intangible assets with definite useful life by comparing the actual deliveries with the budget deliveries up to date. Regarding goodwill and intangible assets with indefinite useful life or not yet available for use • We assessed the appropriateness of the Group's identification of CGU based on the Group's accounting policies and our understanding of the Group's business; • We performed retrospective review on management's cash flow forecasts by comparing budgeted results in prior year's forecasts with actual performance of the current year;

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	• We assessed and challenged the significant judgments and estimates used in management's impairment assessment. For the gross profit margin, we compared them with the relevant historical data; for the long-term growth rate, we assessed it with reference to the relevant economic and industry forecasts, including certain forecasts sources from external parties; for the pre-tax discount rate, we assessed it with reference to market information of comparable companies and comparing them with costs of capital of comparable companies; • We challenged management on the adequacy of their sensitivity analysis that could have a significant effect on the estimate of the recoverable amount; • We evaluated the adequacy and appropriateness of the relevant disclosure in the notes for the consolidated financial statements. Based on the work performed, we considered that the impairment of goodwill and intangible assets as of December 31, 2024 were supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit, Risk Control and Compliance Committee (the "**Audit Committee**") is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 24, 2025

Consolidated Statement of Profit or Loss

For the year ended December 31, 2024

		Year ended December 31,	
		2024	2023
	Note	**US$'000**	US$'000
Revenue	*5*	**1,197,133**	1,067,708
Cost of sales	*6*	**(783,583)**	(703,016)
Gross profit		**413,550**	364,692
Selling and marketing expenses	*6*	**(123,530)**	(106,766)
General and administrative expenses	*6*	**(141,279)**	(135,184)
Operating profit before other income		**148,741**	122,742
Other income, net	*7*	**4,028**	1,372
Operating profit		**152,769**	124,114
Finance costs	*9*	**(5,145)**	(5,529)
Profit before income tax		**147,624**	118,585
Income tax expenses	*10*	**(26,878)**	(27,442)
Profit for the year		**120,746**	91,143
Earnings per share			
Basic and diluted			
(expressed in US$ per share)	*11*	**0.36**	0.29

The above consolidated statement of profit of loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Profit for the year	**120,746**	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	**(4)**	1
Other comprehensive gain/(loss) for the year, net of tax	**(4)**	1
Total comprehensive income for the year	**120,742**	91,144

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As of December 31, 2024

	Note	As of December 31, 2024 US$'000	2023 US$'000
ASSETS			
Non-current assets			
Property, plant, and equipment	*13*	**233,049**	197,933
Right-of-use assets	*24*	**11,975**	12,949
Intangible assets	*14*	**265,701**	245,173
Goodwill	*14*	**115,923**	115,923
Financial assets at fair value through other comprehensive income	*15*	**492**	471
Advances to suppliers	*17*	**12,365**	8,832
Contract assets	*27*	**126**	112
Total non-current assets		**639,631**	581,393
Current assets			
Inventories	*18*	**167,353**	134,566
Reinsurance recoverable		**27,567**	21,417
Advances to suppliers	*17*	**16,084**	12,188
Contract assets	*27*	**239**	215
Notes and other receivables and prepayments	*19*	**3,829**	2,270
Accounts receivables	*19*	**11,415**	7,399
Financial assets at fair value through profit or loss	*16*	**2,266**	1,618
Short term deposits	*20*	**103,000**	—
Cash and cash equivalents	*20*	**391,837**	246,869
Total current assets		**723,590**	426,542
Total assets		**1,363,221**	1,007,935

Consolidated Statement of Financial Position

As of December 31, 2024

	Note	As of December 31, 2024 US$'000	2023 US$'000
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	21	**343,315**	155,482
Capital reserve	21	**(113,482)**	(113,482)
Financial assets at fair value through other comprehensive income ("**FVOCI**") fair value reserve	21	**—**	4
Retained earnings		**552,118**	431,372
Total equity		**781,951**	473,376
Non-current liabilities			
Borrowings	23	**40,416**	55,949
Lease liabilities	24	**10,848**	12,070
Deferred tax liabilities	28	**3,014**	15,160
Accrued warranty	25	**12,099**	7,363
Contract liabilities	27	**66,859**	57,047
Total non-current liabilities		**133,236**	147,589
Current liabilities			
Accounts payables	22	**50,739**	42,428
Employee wages and benefits payable	22	**60,335**	60,530
Accrued liabilities	22	**23,536**	10,033
Contract liabilities	27	**51,948**	45,241
Customer deposits	22	**147,531**	149,466
Interest payable	22	**52**	121
Income tax payable		**18,070**	8,541
Accrued warranty	25	**31,700**	20,534
Accrued product liability	26	**45,042**	35,325
Borrowings	23	**15,532**	11,801
Lease liabilities	24	**3,549**	2,950
Total current liabilities		**448,034**	386,970
Total liabilities		**581,270**	534,559
Total equity and liabilities		**1,363,221**	1,007,935

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 128 to 210 were approved by the Board of Directors on March 24, 2025 and were signed on its behalf.

Mr. Zean Hoffmeister Vang NIELSEN
Director

Mr. Liang LIU
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Share capital and share premium *(Note 21)* US$'000	Capital reserve *(Note 21)* US$'000	Financial assets at fair value through other comprehensive income fair value reserve *(Note 21)* US$'000	Retained earnings US$'000	Total US$'000
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
Balance as of January 1, 2024	**155,482**	**(113,482)**	**4**	**431,372**	**473,376**
Profit for the year	**—**	**—**	**—**	**120,746**	**120,746**
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	**—**	**—**	**(4)**	**—**	**(4)**
Total comprehensive income	**—**	**—**	**(4)**	**120,746**	**120,742**
Dividends paid	**—**	**—**	**—**	**—**	**—**
Issuance of shares pursuant to the Global Offering, net *(Note 21)*	**187,833**	**—**	**—**	**—**	**187,833**
Balance as of December 31, 2024	**343,315**	**(113,482)**	**—**	**552,118**	**781,951**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	Note	Year ended December 31, 2024 US$'000	2023 US$'000
Cash flows from operating activities			
Profit for the year		**120,746**	91,143
Adjustments for:			
Income tax expenses		**26,878**	27,442
Finance costs		**5,145**	5,529
Depreciation on property, plant and equipment		**21,029**	16,857
Depreciation on right-of-use assets		**4,474**	4,068
(Gain)/loss on disposal of property, plant and equipment		**(230)**	—
Amortization of intangible assets		**19,473**	15,650
(Gain)/loss on financial assets at FVPL		**(3,818)**	(550)
		193,697	160,139
Changes in working capital:			
Decrease/(increase) in inventories		**(35,156)**	(23,918)
Decrease/(increase) in accounts, notes and other receivables and reinsurance recoverable		**(10,897)**	26,847
Decrease/(increase) in contract assets		**(38)**	28
Decrease/(increase) in advances to suppliers		**(9,144)**	(11,140)
(Decrease)/increase in contract liabilities		**16,519**	16,771
(Decrease)/increase in customer deposits		**(1,935)**	(15,639)
(Decrease)/increase in employee benefit payable		**(195)**	12,151
(Decrease)/increase in accounts and other payables		**46,393**	(13,796)
Cash generated from operations		**199,244**	151,443
Interest paid		**(5,214)**	(5,617)
Tax paid		**(29,495)**	(32,535)
Net cash generated from/(used in) operating activities		**164,535**	113,291

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	Note	Year ended December 31, 2024 US$'000	2023 US$'000
Cash flows from investing activities			
Purchase of financial assets		(490)	(424)
Proceeds from sale of financial assets		46	118
Proceeds from maturity of financial assets		2,764	—
Decrease/(increase) in short term deposits		(103,000)	—
Payment for property, plant and equipment		(54,351)	(60,828)
Proceeds from sale of property, plant, and equipment		1,647	—
Payment for intangible assets		(40,001)	(29,503)
Net cash generated from/(used in) investing activities		(193,385)	(90,637)
Cash flows from financing activities			
Repayment of borrowings	*30*	(11,802)	(8,044)
Principal elements of lease payments	*30*	(3,927)	(3,629)
Proceeds from issuance of shares pursuant to the Global Offering		194,217	—
Dividends paid		—	(6,500)
Payment for listing expenses		(4,670)	(866)
Net cash generated from/(used in) financing activities		173,818	(19,039)
Net increase in cash and cash equivalents		144,968	3,615
Cash and cash equivalents at beginning of the year		246,869	243,254
Cash and cash equivalents at ending of the year	*20*	391,837	246,869

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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.

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**").

The Company has its listing on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on July 12, 2024 ("**Global Offering**").

These financial statements are presented in United State Dollar ("**US$**") unless otherwise stated.

The Groups principal subsidiaries at December 31, 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

1 GENERAL INFORMATION (continued)

Company name	Place of incorporation	Particulars of registered capital/issued capital	Percentage of attributable equity interest	Principal activities
Cirrus Industries, Inc.	The United States of America (the "**USA**")	100 shares of US$0.001 per share	100%	Investment holding and designing, manufacturing, retail sale of aircraft and related operations
Cirrus Design Corporation	The USA	100,000 shares of US$0.01 per share	100%	Designing, manufacturing, retail sale of aircraft and related operations
Dakota Aircraft Corporation	The USA	10,000 shares of US$0.01 per shares	100%	Manufacturing of composite components of aircraft
Superior Aerospace Insurance Company	The USA	100 shares with no par value	100%	Captive insurance
Cirrus Aircraft Europe Limited	United Kingdom	1 share of GBP 1 per share	100%	Entity is dormant, previously established for the overseeing of European accounts

2 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the 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 consolidated financial statements which are in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") are set out below. The consolidated financial statements have 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 consolidated financial statements of the Group have been prepared in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation (continued)

The preparation of the consolidated 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) Amendments to standards adopted by the Group

The Group has applied the following amendments for the first time for its annual reporting period commencing January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation (continued)

(b) New and amended standards not yet adopted (continued)

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.

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 statement 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Property, plant and equipment (continued)

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 or intangible assets not yet available for use

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 or intangible assets not yet available for use 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 or intangible assets not yet available for use 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 represent 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Intangible assets (continued)

(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 statement 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 statement 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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, intangible assets with indefinite life or intangible assets not yet available for use, 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 statement of profit or loss. Interest income is recognized when earned and included in the investment gain line item in the consolidated statement 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Financial assets (continued)

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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Leases (continued)

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Leases (continued)

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 which are short-term in nature to be cash equivalents. Cash equivalents are carried at cost, which approximates market value. 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, their convertibility to cash on demand with no principal penalty.

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 statement of profit or loss, net of any reimbursement.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.15 Provisions (continued)

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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.17 Accrued product liability (continued)

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.20 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated statement 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

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.20 Current and deferred income taxes (continued)

(b) Deferred tax (continued)

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.21 Revenue recognition (continued)

(b) Sale of Goods — Cirrus Services and Other (continued)

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 a contract has been 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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.25 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.

2.26 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.

2.27 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 2025 when compared to 2024.

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-term and long-term objectives and action to be taken in order to manage the financial risks that the Group faces.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

The following table summarizes the carrying amount of financial assets and financial liabilities by category:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Financial assets		
Financial assets at amortized cost		
Notes and other receivables (excluding insurance receivables)	**3,829**	720
Accounts receivables, net of allowances for credit losses	**11,415**	7,399
Short term deposits	**103,000**	—
Cash and cash equivalents	**391,837**	246,869
Financial assets at FVOCI		
Financial assets at FVOCI	**492**	471
Financial assets at FVPL		
Financial assets at FVPL	**2,266**	1,618
	512,839	257,077
Financial liabilities		
Liabilities at amortized cost		
Borrowings	**55,948**	67,750
Accounts payables	**50,739**	42,428
Customer deposits	**147,531**	149,466
Interest payable	**52**	121
Lease liabilities	**14,397**	15,020
	268,667	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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

Credit risk: (continued)

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, 2023 and 2024, a provision of US$2,353,000 and US$2,673,000 was included in the accounts receivables over which approximately US$2,349,000 and US$2,669,000 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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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, 2023	Borrowings US$'000	Interest on borrowings US$'000	Payables and customer deposits US$'000	Lease liabilities US$'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

As of December 31, 2024	**Borrowings US$'000**	**Interest on borrowings US$'000**	**Payables and customer deposits US$'000**	**Lease liabilities US$'000**
Within one year	**15,532**	**2,175**	**198,270**	**4,012**
Greater than one year and less than three years	**38,612**	**2,100**	**—**	**4,842**
Greater than three years and less than five years	**1,187**	**103**	**—**	**1,243**
More than five years	**617**	**22**	**—**	**12,356**
Balance as of December 31, 2024	**55,948**	**4,400**	**198,270**	**22,453**

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

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,	
	2024	2023
	US$'000	US$'000
Financial assets		
Fixed rate	**492**	471
Financial liabilities		
Fixed rate	**3,448**	4,000
Floating rate	**52,500**	63,750
	55,948	67,750

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

Interest rate risk: (continued)

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, 2023	Increase/ (Decrease) in basis points	Effect on profit before tax (US$'000)
US Dollar SOFR	25	159
US Dollar SOFR	(25)	(159)

Year ended December 31, 2024	**Increase/ (Decrease) in basis points**	**Effect on profit before tax (US$'000)**
US Dollar SOFR	**25**	**131**
US Dollar SOFR	**(25)**	**(131)**

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 at December 31, 2024 and December 31, 2023 were as follows:

	As of December 31,	
	2024	2023
Gearing ratio	**0.1**	0.1

3 FINANCIAL RISK MANAGEMENT (continued)

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value measurement (continued)

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, 2023 Fair Value Measurements Using			
Description	Total US$'000	Quoted prices in active markets for identical assets (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000
Fixed income	471	—	471	—
Mutual funds	1,618	1,618	—	—
	2,089	1,618	471	—

	As of December 31, 2024 Fair Value Measurements Using			
Description	**Total US$'000**	**Quoted prices in active markets for identical assets (Level 1) US$'000**	**Significant other observable inputs (Level 2) US$'000**	**Significant unobservable inputs (Level 3) US$'000**
Fixed income	**492**	**—**	**492**	**—**
Mutual funds	**2,266**	**2,266**	**—**	**—**
	2,758	**2,266**	**492**	**—**

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value measurement (continued)

There is no transfer between levels 1, 2 and 3 during the years ended December 31, 2023 and 2024.

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(b) Estimated impairment of goodwill and intangible assets

The Group tests annually whether goodwill and indefinite useful life intangible assets or intangible assets not yet available for use have suffered any impairment, in accordance with the accounting policy stated in Note 2.8, while the impairment test for intangible assets with definite useful lives are performed when there is indication of impairment during the year. 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 was 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(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 a reporting segment under IFRS 8 and the information that is 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 statement 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.

No customer individually contributes 10% or above of the Group's total revenue during the Year. Accordingly, no analysis of major customers was presented for the year.

5 REVENUE AND SEGMENT INFORMATION (continued)

The revenue breakdown of different revenue streams for the years ended December 31, 2023 and 2024 is as follows:

	Year ended December 31, 2023		
	Aircraft US$'000	Cirrus Services & Other *(Note)* US$'000	Total 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

	Year ended December 31, 2024		
	Aircraft US$'000	**Cirrus Services & Other** *(Note)* **US$'000**	**Total US$'000**
Revenue from external customers	**1,023,914**	**173,219**	**1,197,133**
Timing of revenue recognition			
— At a point in time	**1,023,914**	**117,965**	**1,141,879**
— Over time	**—**	**55,254**	**55,254**
Total	**1,023,914**	**173,219**	**1,197,133**

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, 2024 US$'000	2023 US$'000
Employee benefit expenses *(Note 8)*	**281,033**	254,299
Raw materials	**440,833**	398,921
Preflown inventory	**20,654**	26,255
Insurance and product liability	**4,350**	17,904
Outside commissions and referrals	**16,895**	17,594
Lease expenses	**5,337**	4,728
Depreciation of property, plant, and equipment *(Note 13)*	**21,029**	16,857
Depreciation of right-of-use assets *(Note 24)*	**4,474**	4,068
Amortization of intangible assets *(Note 14)*	**19,473**	15,650
Advertising costs	**16,007**	13,283
Listing expenses	**2,679**	7,243
Legal and professional fees *(Note a)*	**17,021**	13,296
Supplies	**14,229**	13,259
Repairs and maintenance	**22,147**	19,107
Service expenses	**109,476**	87,132
Utilities	**5,721**	5,133
Freight charges	**7,825**	4,232
Research	**13,446**	9,455
Vehicle expense	**5,771**	4,904
Travel and entertainment	**6,587**	5,142
Meetings	**4,015**	3,426
Real estate and miscellaneous tax	**2,902**	1,388
Other expenses *(Note b)*	**6,488**	1,690
Total cost of sales, selling and marketing, general and administrative expenses	**1,048,392**	944,966

6 EXPENSES BY NATURE (continued)

Note a: Auditors' remuneration

The following table represents remuneration for professional services rendered by the Company's auditors for the audit of Company's consolidated financial statements for the years ended December 31, 2023 and 2024, and fees billed for other non-audit services rendered by the auditors during those years. Expenses for auditors remuneration are included in legal and professional fees above.

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Audit fees	**1,178**	925
Non-audit fees	**278**	—
Total	**1,456**	925

Note b: Other expenses

Other expenses include aggregately immaterial amounts of licenses and dues, small tools, office expenses, fees, and client services.

7 OTHER INCOME, NET

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Investment income	**3,524**	—
Others	**504**	1,372
Total other income, net	**4,028**	1,372

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,	
	2024	2023
	US$'000	US$'000
Wages and salaries	**232,043**	212,413
Pension costs — defined contribution plans	**8,077**	7,091
Insurance and other benefits	**25,674**	22,305
Payroll taxes	**15,239**	12,490
Total employee benefit expenses	**281,033**	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$23,503,000 and US$30,280,000 for the years ended December 31, 2023 and 2024, 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 2023 and 2024, the Group made contributions of approximately US$7,091,000 and US$8,077,000, respectively.

The aggregate of bonuses paid which were based on were discretionary or based on the Group's performance for the years ended December 31, 2023 and 2024 were US$16,383,000 and US$19,562,000, respectively.

During the years ended December 31, 2023 and 2024, no forfeited contributions were utilized by the Group to reduce its contributions for the years.

8 EMPLOYEE BENEFIT EXPENSES (continued)

(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, 2023 and 2024, whose emoluments are reflected in the analysis shown in Note 34. The emoluments payable to the remaining 4 individuals during the relevant years are as follows:

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Wages and salaries	**1,878**	1,816
Pension costs — defined contribution plans	**58**	56
Insurance and other benefits	**6,677**	3,728
	8,613	5,600

The emoluments fell within the following bands:

	Number of individuals	
	Year ended December 31,	
	2024	2023
Emolument bands (in HK$)		
HK$6,000,001–HK$6,500,000	**—**	—
HK$6,500,001–HK$7,000,000	**—**	1
HK$7,000,001–HK$8,000,000	**—**	—
HK$8,000,001–HK$9,000,000	**—**	—
HK$9,000,001–HK$10,000,000	**1**	—
HK$10,000,001–HK$11,000,000	**—**	—
HK$11,000,001–HK$12,000,000	**—**	—
HK$12,000,001–HK$13,000,000	**—**	3
HK$13,000,001–HK$14,000,000	**—**	—
HK$14,000,001–HK$15,000,000	**—**	—
HK$15,000,001–HK$16,000,000	**—**	—
HK$16,000,001–HK$17,000,000	**—**	—
HK$17,000,001–HK$18,000,000	**1**	—
HK$18,000,001–HK$19,000,000	**—**	—
HK$19,000,001–HK$20,000,000	**2**	—

8 EMPLOYEE BENEFIT EXPENSES (continued)

(a) Five highest paid individuals (continued)

During the year ended December 31, 2024, no emoluments (2023: no emoluments) were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9 FINANCE COSTS

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Interest expenses on		
— borrowings	**4,486**	4,818
— lease liabilities	**659**	711
	5,145	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 has been provided at the rate of 21% on the estimated assessable profit during the years ended December 31, 2023 and 2024, 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, 2023 and 2024.

10 INCOME TAX (continued)

(d) The amount of income tax charged to the consolidated statement of profit or loss represents:

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Current income tax:		
Current tax for the year	**41,383**	31,429
Over provision in prior year	**(2,359)**	(1,997)
Deferred income tax *(Note 28)*	**(12,146)**	(1,990)
Total	**26,878**	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,	
	2024	2023
	US$'000	US$'000
Profit before income taxes	**147,624**	118,585
Calculated at a taxation rate of 21%	**31,001**	24,903
Change in deferred rate	**(683)**	210
Deferred tax assets not previously expected to be utilized	**—**	(795)
Corporate state tax charged	**1,652**	2,629
Expenses/(benefit) for excludable items	**(961)**	(111)
Tax credits	**(3,725)**	(3,224)
Withholding tax	**—**	3,000
Others	**(406)**	830
Income tax expenses for the year	**26,878**	27,442

The effective tax rate was 23.1 percent and 18.2 percent for the years ended December 31, 2023 and 2024, respectively.

10 INCOME TAX (continued)

(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, 2023 and 2024.

	Year ended December 31,	
	2024	2023
Profit attributable to the owners of the Company (US$'000)	**120,746**	91,143
Weighted average number of ordinary shares in issue *(Note)*	**336,811,260**	310,963,318
Basic earnings per share (expressed in US$/share)	**0.36**	0.29

Note:

Pursuant to the written resolutions of the shareholder passed on June 23, 2024, each share with par value US$1.00 in the then issued and unissued share capital of the Company has been subdivided into two shares with par value of US$0.50 each upon the completion of the global offering of the Group on July 12, 2024. The issued share capital of US$155,481,659 was divided into 310,963,318 shares after the share subdivision. The above earnings per share presentation has been amended to reflect the share subdivision.

(b) Diluted earnings per share

As the Company has no dilutive instruments for the years ended December 31, 2023 and 2024, the Group's diluted earnings per share equals to its basic earnings per share.

12 DIVIDENDS

No interim dividends are declared and paid for the year ended December 31, 2024 (December 31, 2023: US$6,500,000).

The Board of the Company has resolved to propose at the forthcoming annual general meeting ("**AGM**") the payment of a final dividend of US$0.1 per ordinary share for the year ended December 31, 2024, with a total distribution amount of US$36,598,881.8. The amount has not been recognized as a liability in the consolidated financial statements, but will be reflected as an appropriation of equity for the year ending December 31, 2025.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings US$'000	Machinery and equipment US$'000	Aircraft and vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
At January 1, 2023						
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
Year ended December 31, 2024						
Opening net book amount	88,016	28,613	33,854	18,105	29,345	197,933
Additions	—	—	3,668	—	54,245	57,913
Transfer	11,255	13,697	4,792	8,945	(38,689)	—
Disposals	(307)	(49)	(1,403)	(9)	—	(1,768)
Depreciation charge	(3,119)	(5,461)	(5,325)	(7,124)	—	(21,029)
Closing net book amount	95,845	36,800	35,586	19,917	44,901	233,049
At December 31, 2024						
Cost	118,577	101,994	59,639	53,679	44,901	378,790
Accumulated depreciation	(22,732)	(65,194)	(24,053)	(33,762)	—	(145,741)
Net book amount	95,845	36,800	35,586	19,917	44,901	233,049

Details of the property, plant and equipment pledged to the Group's borrowings are included in Note 23.

14 GOODWILL AND INTANGIBLE ASSETS

	Trademark US$'000	Customer relationships US$'000	Aircraft type certificates US$'000	Internally developed intangible assets US$'000	Sub-total US$'000	Goodwill US$'000	Total US$'000
At January 1, 2023							
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

14 GOODWILL AND INTANGIBLE ASSETS (continued)

	Trademark US$'000	Customer relationships US$'000	Aircraft type certificates US$'000	Internally developed intangible assets US$'000	Sub-total US$'000	Goodwill US$'000	Total US$'000
Year ended December 31, 2024							
Opening net book amount	19,600	–	164,964	60,609	245,173	115,923	361,096
Additions	–	–	–	40,001	40,001	–	40,001
Amortization charge	–	–	(12,884)	(6,589)	(19,473)	–	(19,473)
Closing net book amount	19,600	–	152,080	94,021	265,701	115,923	381,624
At December 31, 2024							
Cost	19,600	400	244,912	117,063	381,975	115,923	497,898
Accumulated amortization	–	(400)	(92,832)	(23,042)	(116,274)	–	(116,274)
Net book amount	19,600	–	152,080	94,021	265,701	115,923	381,624

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.

14 GOODWILL AND INTANGIBLE ASSETS (continued)

Impairment tests for goodwill and trademark (continued)

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, 2023 and 2024, the key assumptions used in the value-in-use calculations are disclosed below:

	As of December 31,	
	2024	2023
Pre-tax discount rate	**18%**	18%
Gross profit margin	**35%**	35%
Long term growth rate	**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 years ended December 31, 2023 and 2024.

Sensitivity analysis

Based on the results of goodwill and trademark impairment testing, the estimated recoverable amounts as of December 31, 2023 and 2024 amounted to US$1,077,555,000 and US$1,361,052,000, respectively.

Possible change in key assumptions	**Recoverable amount of the CGU exceeding its carrying amount by As of December 31,**	
	2024	2023
	US$'000	US$'000
Pre-tax discount rate increase by 3%	**590,855**	460,427
Gross profit margin decrease by 3%	**548,370**	444,844
Long term growth rate decrease by 1%	**728,198**	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.

14 GOODWILL AND INTANGIBLE ASSETS (continued)

Sensitivity analysis (continued)

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 year. 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 during the year. Accordingly, as the discount rate of 18% was adopted on a conservative basis and so significant change was required based on management's assessment during the year, management did not adjust the pre-tax discount rate during the year.

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,	
	2024	2023
	US$'000	US$'000
Mutual funds		
At beginning of the year	**1,618**	1,017
Purchase	**489**	424
Disposal	**(46)**	(118)
Fair value adjustments	**205**	295
At end of the year	**2,266**	1,618

All financial assets at fair value through profit or loss are denominated in US$ as of December 31, 2023 and 2024.

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,	
	2024	2023
	US$'000	US$'000
Advances to suppliers	**28,449**	21,020
Less: Non-current advances to suppliers	**(12,365)**	(8,832)
Current portion of advances to suppliers	**16,084**	12,188

The carrying amounts of the Group's advances to suppliers were denominated in US$.

18 INVENTORIES

Inventory balances as of December 31, 2023 and 2024 are as follows:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Raw materials	**88,210**	89,804
Work in process	**71,603**	40,977
Finished goods	**4,604**	2,854
Preflown inventory	**7,898**	5,260
Merchandise	**1,300**	881
	173,615	139,776
Less: provision for inventory obsolescence	**(6,262)**	(5,210)
	167,353	134,566

The amount of inventories recognized as "raw materials" in cost of sales during the years ended December 31, 2023 and 2024 amounted to US$394,044,000 and US$436,030,000, respectively.

Provision for impairment of US$4,877,000 and US$4,803,000 were recognized for the years ended December 31, 2023 and 2024, respectively, in the consolidated statement of profit or loss as cost of sales.

19 ACCOUNTS, NOTES AND OTHER RECEIVABLES AND PREPAYMENTS

	As of December 31,	
	2024	2023
	US$'000	US$'000
Current portion		
Accounts receivables	**14,088**	9,752
Less: Provision for impairment *(Note (i))*	**(2,673)**	(2,353)
Accounts receivables, net	**11,415**	7,399
Notes and other receivables *(Note (ii))*	**3,829**	1,003
Prepaid listing expenses	**—**	1,267
	15,244	9,669

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$283,000 and US$58,000 as of December 31, 2023 and 2024, respectively. In addition, notes and other receivables comprise other receivables such as loan receivables and warranty receivables totalling US$720,000 and US$3,771,000 as of December 31, 2023 and 2024, respectively.

Accounts receivable 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.

19 ACCOUNTS, NOTES AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

The aging analysis of accounts receivables based on the invoice date is as follows:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Current–60 days	**11,904**	7,325
61–90 days	**1,185**	893
91–120 days	**—**	854
Over 120 days	**999**	680
	14,088	9,752

The Group establish an allowance based upon factors related to 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,	
	2024	2023
	US$'000	US$'000
At beginning of the year	**2,353**	909
Provision for impairment recognized during the year	**320**	1,444
At end of the year	**2,673**	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 AND SHORT TERM DEPOSIT

	As of December 31,	
	2024	2023
	US$'000	US$'000
Cash at banks and on hand	269,960	245,314
Short-term bank deposits *(Note)*	224,877	1,555
	494,837	246,869

Note:

As of December 31, 2024, the short-term bank deposits include US$103,000,000 with maturity over 3 months (2023: US$1,100,000).

21 SHARE CAPITAL, SHARE PREMIUM AND RESERVE

(a) Share capital and share premium

	Number of shares	Nominal value US$'000	Share premium US$'000	Total US$'000
Authorized				
250,000,000 ordinary shares of US$1 each as of December 31, 2023	250,000,000	125,000	—	125,000
Share subdivision *(Note a)*	250,000,000	125,000	—	125,000
500,000,000 ordinary shares of US$0.50 each as of December 31, 2024	500,000,000	250,000	—	250,000
Issued:				
As of January 1, 2023 and December 31, 2023	155,481,659	77,741	—	77,741
Share subdivision *(Note a)*	155,481,659	77,741	—	77,741
Issue of shares pursuant to the Global Offering *(Note b)*	55,025,500	27,513	160,320	187,833
As of December 31, 2024	365,988,818	182,995	160,320	343,315

21 SHARE CAPITAL, SHARE PREMIUM AND RESERVE (continued)

(a) Share capital and share premium (continued)

Note a:

Pursuant to the written resolutions of the shareholder passed on June 23, 2024, each share with par value US$1.00 in the then issued and unissued share capital of the Company has been subdivided into two shares with par value of US$0.50 each upon the completion of the global offering of the Group on July 12, 2024. The issued share capital of US$155,481,659 was divided into 310,963,318 shares after the share subdivision. The above share capital presentation reflects the share subdivision.

Note b:

On July 12, 2024, the Group announced that a Global Offering was reached on the Hong Kong exchange whereby 54,875,900 shares, representing approximately 15.0% of the issued share capital of the Company is now held in public hands.

On August 8, 2024 the Group announces that the Over-allotment Option in relation to the Global Offering had been partially exercised by the sole overall coordinators (for itself and on behalf of the international underwriters), in respect of an aggregate of 149,600 shares (the "**Over-allotment Option**"), representing approximately 0.27% of the total number of offer shares initially available under the Global Offering before any exercise of the Over-allotment Option. The net proceeds from the Global Offering and the Over-allotment Option was US$187,833,000.

(b) Reserves

	Capital reserve *(Note)* US$'000	Fair value reserve of FVOCI assets US$'000
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 and January 1, 2024	(113,482)	4
Fair value loss on financial assets at FVOCI, net of tax	—	(4)
Balance as of December 31, 2024	(113,482)	—

21 SHARE CAPITAL, SHARE PREMIUM AND RESERVE (continued)

(b) Reserves (continued)

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.

22 ACCOUNTS AND OTHER PAYABLES

	As of December 31,	
	2024	2023
	US$'000	US$'000
Accounts payables	**50,739**	42,428
Employee wages and benefits payable	**60,335**	60,530
Accrued liabilities	**23,536**	10,033
Customer deposits	**147,531**	149,466
Interest payable	**52**	121
	282,193	262,578

The aging analysis of the accounts payables based on invoice date was as follows:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Current – 30 days	**50,462**	42,013
31 – 60 days	**—**	—
61 – 120 days	**—**	7
over 120 days	**277**	408
	50,739	42,428

The carrying values of the accounts and other payables approximate their fair values as of December 31, 2023 and 2024.

23 BORROWINGS

	As of December 31,	
	2024	2023
	US$'000	US$'000
Non-current		
Long-term bank borrowings	52,500	63,750
Long-term other borrowings	3,448	4,000
Less: current portion of long-term bank and other borrowings	(15,532)	(11,801)
	40,416	55,949
Current		
Current portion of long-term bank borrowings	15,000	11,250
Current portion of long-term other borrowings	532	551
	15,532	11,801
	55,948	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, 2023 and 2024.

23 BORROWINGS (continued)

Future contractual maturities of long-term debts are as follows:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Within one year	15,532	11,801
Greater than one year and less than two years	8,048	15,531
Greater than two years and less than five years	31,751	39,198
More than five years	617	1,220
	55,948	67,750

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,	
	2024	2023
	US$'000	US$'000
Right-of-use assets		
Building	6,945	7,134
Equipment	504	735
Land	3,505	3,965
Aircraft	—	66
Vehicles	1,021	1,049
	11,975	12,949
Lease liabilities		
Current	3,549	2,950
Non-current	10,848	12,070
	14,397	15,020

24 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Additions to the right-of-use assets were US$4,045,000 and US$3,304,000 for the years ended December 31, 2023 and 2024, respectively. Disposals and expirations of right-of-use assets were US$4,472,000 and US$116,000 for the years ended December 31, 2023 and 2024, respectively.

Amount recognized in the consolidated statement of profit or loss are as follows:

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Depreciation charge of right-of-use assets		
Building	**3,314**	3,156
Equipment	**358**	286
Land	**130**	126
Aircraft	**255**	239
Vehicles	**417**	261
	4,474	4,068
Interest expense	**659**	711
Expenses relating to short-term leases	**5,337**	4,728

The total cash outflow for leases was US$8,312,000 and US$9,264,000 for the years ended December 31, 2023 and 2024, 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,	
	2024	2023
	US$'000	US$'000
At beginning of the year	**27,897**	19,471
Additions	**21,348**	16,927
Settlements made	**(16,079)**	(10,351)
Change in estimate	**10,633**	1,850
At end of the year	**43,799**	27,897
Representing:		
Non-current portion	**12,099**	7,363
Current portion	**31,700**	20,534
Total	**43,799**	27,897

26 ACCRUED PRODUCT LIABILITY

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
At beginning of the year	**35,325**	57,457
Additional unlimited loss expense incurred	**14,250**	28,000
Reduction in unlimited loss expense	**(3,075)**	(2,093)
Settlement paid	**(1,458)**	(48,039)
At end of the year	**45,042**	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.

26 ACCRUED PRODUCT LIABILITY (continued)

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
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
2024–2025	4,403

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 2024–2025 policy year ended June 30, the Group directly incurs the first US$4,403,000 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$4,403,000 of expenses, the captive insurer's indemnity policy will cover 57.50 percent of the expense through reinsurance policies exceeding US$4,403,000. The remaining 42.50 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, 2023 and 2024 are as follows:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Contract assets	(365)	(327)
Contract liabilities	118,807	102,288
Contract liabilities, net	118,442	101,961
Current contract (assets)/liabilities		
Extended warranty	6,234	5,499
Maintenance	43,034	36,916
Commissions	(239)	(215)
Other	2,680	2,826
	51,709	45,026
Non-current contract (assets)/liabilities		
Extended warranty	30,393	25,077
Maintenance	36,466	31,970
Commissions	(126)	(112)
	66,733	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$5,356,000 and US$5,655,000 for the years ended December 31, 2023 and 2024, respectively, representing contract liabilities recognized in the prior year. The Group also recognized revenue for maintenance contracts of US$29,607,000 and US$48,986,000 for the years ended December 31, 2023 and 2024, respectively, representing contract liabilities recognized in the prior year.

27 CONTRACT LIABILITIES AND CONTRACT ASSETS (continued)

The following table shows unsatisfied performance obligations relating to the sales of aircraft and the provision of Cirrus Services & Others during the years ended December 31, 2023 and 2024:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Aggregate amount of the transaction price allocated to unsatisfied performance obligations	1,670,737	1,729,047

Management expects that 76% of the transaction price allocated to unsatisfied performance obligations as of December 31, 2024 will be recognized as revenue during the next reporting period. The remaining will be recognized in the 2026 and 2027 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,	
	2024	2023
	US$'000	US$'000
Deferred income tax assets		
— to be recovered after more than 12 months	(79,710)	(61,856)
Deferred income tax liabilities		
— to be recovered after more than 12 months	82,724	77,016

28 DEFERRED INCOME TAX (continued)

The movement of the net deferred tax liabilities account is as follows:

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
At beginning of the year	**15,160**	17,150
Credited to consolidated statement of profit or loss *(Note 10)*	**(12,146)**	(1,990)
At end of the year	**3,014**	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 US$'000	Accrued product liability US$'000	Net operating losses US$'000	Tax credits US$'000	Capitalized research expenses US$'000	Lease liabilities US$'000	Other US$'000
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)
Year ended December 31, 2024							
Opening book amount	**(30,559)**	**(3,423)**	**(957)**	**(1,707)**	**(19,262)**	**(3,184)**	**(2,764)**
Charged/(credited) to profit or loss	**(7,247)**	**(724)**	**956**	**717**	**(9,662)**	**245**	**(2,139)**
Closing book amount	**(37,806)**	**(4,147)**	**(1)**	**(990)**	**(28,924)**	**(2,939)**	**(4,903)**

28 DEFERRED INCOME TAX (continued)

Deferred income tax liabilities

	Right-of-use assets US$'000	Property, plant and equipment US$'000	Intangible assets US$'000
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
Year ended December 31, 2024			
Opening book amount	**3,186**	**16,405**	**57,425**
(Credited)/charged to profit or loss	**(346)**	**2,252**	**3,803**
Closing book amount	**2,840**	**18,657**	**61,228**

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.

As of December 31, 2024, the Group carried a net deferred tax liability of US$3,014,000. Deferred tax assets for unused federal tax losses of US$23,848,000, state tax losses of US$684,000 and tax credits of US$2,488,000 as of December 31, 2024 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$3,957,000 and US$4,702,000 as of December 31, 2023 and 2024, respectively.

28 DEFERRED INCOME TAX (continued)

Deferred income tax liabilities (continued)

Deferred income tax liabilities of approximately US$128,633,000 and US$165,619,000 for the years ended December 31, 2023 and 2024, 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$431,372,000 and US$552,064,000 at December 31, 2023 and 2024, 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, 2023 and 2024, the Group has capitalized research expenses of approximately US$19,262,000 and US$28,924,000, respectively.

29 COMMITMENTS

(i) Capital commitments

As of December 31, 2023 and 2024 the Group's capital commitment on property, plant and equipment amounted to approximately US$8 million and US$2 million, respectively.

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Net cash reconciliation

The balances and movements of liabilities from financing activities for each of the years ended December 31, 2023 and 2024:

	As of December 31,	
	2024	2023
	US$'000	US$'000
Cash and cash equivalents	**391,837**	246,869
Short term deposits	**103,000**	—
Borrowings	**(55,948)**	(67,750)
Lease liabilities	**(14,397)**	(15,020)
	424,492	164,099

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Net cash reconciliation (continued)

	Cash and cash equivalents and short term deposits US$'000	Borrowings US$'000	Lease liabilities US$'000	Total US$'000
Net cash as of January 1, 2023	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
Net cash as of January 1, 2024	**246,869**	**(67,750)**	**(15,020)**	**164,099**
Cash flows	**247,968**	**11,802**	**3,927**	**263,697**
Non-cash movement — interest expenses	**—**	**—**	**(659)**	**(659)**
Non-cash movement — inception of lease contracts	**—**	**—**	**(2,761)**	**(2,761)**
Non-cash movement — disposal and expirations	**—**	**—**	**116**	**116**
Net cash as of December 31, 2024	**494,837**	**(55,948)**	**(14,397)**	**424,492**

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 year. 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

31 RELATED PARTIES TRANSACTIONS (continued)

(b) Significant transactions with related parties

	Year ended December 31,	
	2024	2023
	US$'000	US$'000
Aircraft development fee — AG Zhejiang	—	4,705
Provision of procurement support and technical support service — AG Zhejiang	533	772
Provision of aircraft products — AG Services	1,472	2,161
Aircraft kits sale — AG Huanan	—	3,046
Program services — AG Huanan	388	786
Purchase of engines and parts — Continental *(Note)*	47,104	43,913

Note: The purchases from Continental for the year ended December 31, 2023 include the purchases of extended warranties. The framework agreement noted in the prospectus is in relation only to purchases of engines and parts from Continental. Purchases of extended warranties by the Group comprise a portion of the normal warranty provisions for 2–3 years on aircraft sold. Purchases during the year ended December 31, 2023 from Continental excluding purchases of extended warranties is $38,561,000. Purchases of extended warranties during the year ended December 31, 2024 from Continental is $4,826,000.

31 RELATED PARTIES TRANSACTIONS (continued)

(c) Year end balances with related parties

	As of December 31,	
	2024	2023
	US$'000	US$'000
Amounts due from related parties	**13,225**	9,641
Amounts due to related parties	**(2,439)**	(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 34 and certain highest paid individuals are disclosed in Note 8(a).

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	As of December 31, 2024 US$'000	2023 US$'000
Assets			
Non-current asset			
Investment in a subsidiary		**210,000**	210,000
Total non-current asset		**210,000**	210,000
Current assets			
Prepayment		**—**	1,267
Other receivable		**1,054**	—
Cash and cash equivalents		**192,235**	504
Total current assets		**193,289**	1,771
Total assets		**403,289**	211,771
Equity and liabilities			
Equity			
Share capital and share premium	*21*	**343,315**	155,482
Capital reserve	*21*	**54,518**	54,518
Retained earnings		**3,574**	499
Total equity		**401,407**	210,499
Liabilities			
Current liability			
Amount due to a subsidiary		**1,882**	1,272
Total current liability		**1,882**	1,272
Total liability		**1,882**	1,272
Total equity and liabilities		**403,289**	211,771

The balance sheet of the Company was approved by the Board of Directors on March 24, 2025 and was signed on its behalf.

Mr. Zean Hoffmeister Vang NIELSEN
Director

Mr. Liang LIU
Director

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

Reserve movement of the Company

	Share capital and share premium US$'000	Capital reserve US$'000	Retained earnings US$'000	Total US$'000
Balance as of January 1, 2023	155,482	54,518	—	210,000
Profit for the year	—	—	6,999	6,999
Total comprehensive income	—	—	6,999	6,999
Dividends paid	—	—	(6,500)	(6,500)
Balance as of December 31, 2023	155,482	54,518	499	210,499
Balance as of January 1, 2024	**155,482**	**54,518**	**499**	**210,499**
Profit for the year	**—**	**—**	**3,075**	**3,075**
Total comprehensive income	**—**	**—**	**3,075**	**3,075**
Dividends paid	**—**	**—**	**—**	**—**
Issuance of shares pursuant to the Global Offering, net *(Note 21)*	**187,833**	**—**	**—**	**187,833**
Balance as of December 31, 2024	**343,315**	**54,518**	**3,574**	**401,407**

34 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 Year.

The remuneration of each director for the year ended December 31, 2023 are set out as follows:

Name	Director's fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Allowances and benefits in kind US$'000	Employer's contribution to a retirement benefit scheme US$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking US$'000	Total US$'000
Non-executive directors							
Mr. Qingchun SONG	–	–	–	–	–	–	–
Mr. Liang LIU	–	–	–	–	–	–	–
Mr. Lei YANG (i)	–	–	–	–	–	–	–
Mr. Yihui LI (i)	–	–	–	–	–	–	–
Executive director and Chief executive							
Mr. Zean Hoffmeister Vang NIELSEN	–	1,019	2,913	–	12	–	3,944
Executive director							
Mr. Hui WANG (i)	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Ian H CHANG (i)	–	–	–	–	–	–	–
Mr. Chung Man Louis LAU (i)	–	–	–	–	–	–	–
Ms. Ferheen MAHOMED (i)	–	–	–	–	–	–	–
Total	–	1,019	2,913	–	12	–	3,944

(i) These director, non-executive directors and independent non-executive directors were appointed in June 2023.

34 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

The remuneration of each director for the year ended December 31, 2024 are set out as follows:

Name	Director's fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Allowances and benefits in kind US$'000	Employer's contribution to a retirement benefit scheme US$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking US$'000	Total US$'000
Non-executive directors							
Mr. Qingchun SONG	–	–	–	–	–	–	–
Mr. Liang LIU	–	–	–	–	–	–	–
Mr. Lei YANG	–	–	–	–	–	–	–
Mr. Yihui LI	–	–	–	–	–	–	–
Executive director and Chief executive							
Mr. Zean Hoffmeister Vang NIELSEN	–	1,058	6,280	–	12	–	7,350
Executive director							
Mr. Hui WANG	–	330	170	–	10	–	510
Independent non-executive directors							
Mr. Ian H CHANG	13	–	–	–	–	–	13
Mr. Chung Man Louis LAU	13	–	–	–	–	–	13
Ms. Ferheen MAHOMED	13	–	–	–	–	–	13
Total	39	1,388	6,450	–	22	–	7,899

34 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

During the year ended December 31, 2024, no emoluments (2023: no emoluments) were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Consideration provided to third parties for making available directors' services

During the years ended December 31, 2023 and 2024, 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, 2023 and 2024, 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 Year or at any time during the Year.

(e) Directors' retirement and termination benefits

None of the directors received or will receive any retirement or termination benefits during the year (2023: Nil).

35 LITIGATION AND CONTINGENT LIABILITIES

As of the date of the issuance of these financial statements, 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 reinsurable. In connection with certain claims that reached final resolution in early 2023, the Group determined that balances are no longer virtually certain of collection and such balances amounting to US$7.9 million were derecognized in 2023 and charged the related costs to general and administration expense in the consolidated statement of profit and loss.

During the year ended December 31, 2024, the Group obtained cash payment from various reinsurers in connection with the prior derecognized balances of the pending payment of claims which led management to conclude they were virtually certain of collection. As such, management has reversed the loss previously recognized of approximately US$7 million and the related gain was included in general and administration expense in the consolidated statement of profit and loss during the year ended December 31, 2024.

36 EVENTS AFTER THE REPORTING PERIOD

No material subsequent events took place between December 31, 2024 and the issuance of these financial statements.

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the published audited financial information and financial statements is set out below.

	Year ended December 31,			
	2024	2023	2022	2021
	US$'000	US$'000	US$'000	US$'000
RESULTS				
REVENUE	**1,197,133**	1,067,708	894,082	738,130
Cost of sales and services provided	**(783,583)**	(703,016)	(595,952)	(495,855)
Gross profit	**413,550**	364,692	298,130	242,275
Selling and distribution expenses	**(123,530)**	(106,766)	(88,290)	(66,391)
Administrative expenses	**(141,279)**	(135,184)	(102,486)	(93,661)
Operating profit before other income	**148,741**	122,742	107,354	82,223
Other income, net	**4,028**	1,372	4,779	7,486
Operating profit	**152,769**	124,114	112,133	89,709
Finance costs	**(5,145)**	(5,529)	(3,199)	(3,509)
Profit before tax	**147,624**	118,585	108,934	86,200
Income tax expense	**(26,878)**	(27,442)	(20,858)	(13,797)
Profit for the year	**120,746**	91,143	88,076	72,403
Attributable to:				
Owners of the parent	**120,746**	91,143	88,076	72,403

Financial Summary

	As of December 31,			
	2024	2023	2022	2021
	US$'000	US$'000	US$'000	US$'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS				
TOTAL ASSETS	1,363,221	1,007,935	949,737	786,922
TOTAL LIABILITIES	581,270	534,559	561,005	486,264
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	781,951	473,376	388,732	300,658