SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to ***[REDACTED]*** *in the* ***[REDACTED]****. There are risks associated with any* ***[REDACTED]****. Some of the particular risks in* ***[REDACTED]*** *in the* ***[REDACTED]*** *are set out in "Risk Factors." You should read that section carefully before you decide to* ***[REDACTED]*** *in the* ***[REDACTED]****.*

OVERVIEW

Who We Are

We are a fabless semiconductor platform company positioned to power a wide array of AI-enabled applications across devices, edge and cloud. We have built an integrated technology platform underpinned by multi-mode cellular baseband technologies, AI computing technologies and complex SoC design capabilities. According to Frost & Sullivan, we are one of the very few global semiconductor companies that possess all three of these key capabilities within a single integrated platform. Our platform supports three synergistic offerings: wireless connectivity chips centered on cellular connectivity, smart device SoCs and custom ASIC solutions, enabling us to address fast-changing customer needs in the AI era. As an established market-leading player in the global cellular connectivity chip industry, our scale and market position demonstrate our proven ability to commercialize high-complexity IC design technologies across diversified application scenarios, providing a strong foundation for extending our platform into AI-enabled applications. In 2025, we ranked No. 1 globally in cellular connectivity chip market by shipment volume, capturing a 37.8% market share; we also outpaced other global top-five peers in terms of shipment volume growth rate from 2023 to 2025.

As AI enters a new era of broad-based deployment, applications increasingly require the combination of efficient computing and ubiquitous, anytime-anywhere connectivity to enable real-time data transmission, computing task coordination and intelligence flow across devices, edge and cloud. Among wireless communication technologies, cellular technology, particularly 5G and the emerging 6G standards, is irreplaceable in delivering continuous, wide-area and mobility-supported connectivity. For example, an intelligent connected vehicle requires real-time exchange of road conditions, hazard alerts and sensor data with the cloud while moving across locations, a use case that cannot be reliably supported by fixed Wi-Fi hotspots alone. Only cellular networks provide continuous coverage and seamless handover across base stations, keeping devices connected on the move. Mastering cellular baseband technologies is highly challenging and requires deep expertise across multiple generations of cellular standards, complex hardware-software co-design, extensive interoperability testing and certification, and sustained optimization of performance, power consumption and cost. These capabilities require long-term investment and form significant entry barriers.

Cellular baseband technologies form the foundation of our technology platform. Since our inception, we have developed and commercialized successive generations of cellular products covering all standards from 2G to 5G, through which we accumulated complex SoC design capabilities in chip architecture, large-scale digital and mixed-signal design, hardware-software co-design, system integration, and performance, power and cost optimization. We have also developed in-house AI computing technologies, including self-developed NPUs, enabling on-device AI processing with strong performance and energy efficiency. The combination of cellular baseband technologies, AI computing technologies and complex SoC design capabilities positions us to capture AI chip opportunities across device, edge and cloud scenarios. Leveraging these capabilities, we have developed smart device SoCs for intelligent edge applications, including ASR7801 and ASR8861, each integrating our self-developed NPU with on-device AI computing power. We also provide custom ASIC solutions to hyperscalers and leading AI and semiconductor companies in areas such as cloud inference, edge/on-device AI, RISC-V and enterprise storage. As of June 30, 2026, we had successfully delivered dozens of custom ASIC projects, including designs using process nodes as advanced as 4nm.

Our integrated technology platform creates a self-reinforcing business model across ASR-branded products and custom ASIC solutions. Unlike companies focused primarily on standalone chip products or ASIC services, we benefit from the interaction between product commercialization and customized chip design. The volume production of our ASR-branded wireless connectivity chips and smart device SoCs continuously validates and refines our complex SoC IP, design methodologies and full-lifecycle execution capabilities, which can then be applied to custom ASIC solutions. Custom ASIC solutions, in turn, extend our capabilities into advanced process nodes, complex chip architectures and emerging applications, generating know-how for future products and projects. This flywheel effect enhances our innovation efficiency, execution certainty and commercialization capabilities, and positions us to capture broader AI-enabled chip opportunities across devices, edge and cloud.

The following diagram sets forth our key market positions and financial highlights:

(1) According to Frost & Sullivan.

(2) As measured by 2025 shipment volume of cellular connectivity chips in global market.

(3) In terms of shipment volume growth rate from 2023-2025.

(4) As measured by 2025 shipment volume of 4G cellular connectivity chips in global market.

(5) As of June 30, 2026.

(6) From order backlog as of June 30, 2025 to that as of June 30, 2026.

Our Market Opportunities

AI is entering a new phase focused on real-world deployment and productivity enhancement. As AI extends from the cloud into devices, vehicles, machines, robots and other physical-world applications, it increasingly requires the close collaboration of connectivity and computing. Data, computing tasks and intelligence must move efficiently across devices, edge and cloud with low latency, high reliability and energy efficiency. This is driving structural growth opportunities across connectivity chips, smart device SoCs and custom ASIC solutions. Against this backdrop, cellular baseband

technology and on-device AI computing have become the two critical technology foundations for deploying AI across edge-to-cloud application scenarios with ubiquitous, low-latency and power-efficient connectivity.

While AI is the driving technology, connectivity has become indispensable to its deployment. AI applications require intensified data and computing task transmission among devices, edge nodes and cloud infrastructure, particularly in mobile, wide-area and high-volume scenarios. Cellular technology, especially 5G and the evolution toward 6G, is irreplaceable in enabling ubiquitous, anytime-anywhere connectivity with mobility support, wide-area coverage, high bandwidth, low latency and massive connection density. This is expected to drive demand for cellular connectivity chips across different generations and application scenarios. According to Frost & Sullivan, global shipments of cellular connectivity chips are expected to increase from 914.4 million in 2026 to 1,797.4 million in 2030, representing a CAGR 18.4%.

AI is also driving the need for more capable smart device SoCs. As intelligence moves onto devices, chips must integrate application processing, connectivity, multimedia, sensing and AI computing within stringent power, cost and form-factor constraints. This raises demand for SoCs with higher computing performance, energy efficiency and system-level integration. According to Frost & Sullivan, the global smart device SoC market is expected to grow from US$90.9 billion in 2026 to US$171.3 billion in 2030, representing a CAGR of 17.2%, while its AI segment is expected to grow from US$62.7 billion in 2026 to US$151.0 billion in 2030, representing a CAGR of 24.6%.

Custom ASIC solutions represent the fastest-growing of these three markets and a significant opportunity for us. Demand for custom ASIC solutions is expanding as AI applications become more application-specific and technically complex. From cloud inference and edge AI to enterprise storage and customized device-level chips, customers increasingly require purpose-built silicon optimized for performance, power consumption, cost and latency. As chip design complexity rises, companies that can efficiently translate application requirements into optimized silicon are well positioned to capture this trend. According to Frost & Sullivan, the global custom ASIC solutions market is expected to grow from US$100.5 billion in 2026 to US$235.5 billion in 2030, representing a CAGR of 23.7%, while its AI segment is expected to grow from US$58.4 billion in 2026 to US$178.5 billion in 2030, representing a CAGR of 32.2%.

We are one of the very few semiconductor companies globally positioned at the convergence of these three opportunities. With an integrated technology platform and synergistic offerings across wireless connectivity chips, smart device SoCs and custom ASIC solutions, we believe we are well positioned to capture the growth of AI-driven connectivity and computing across devices, edge and cloud.

Scaling Edge-to-Cloud AI Through Our Integrated Platform and Offerings

Our Integrated Technology Platform

As AI is deployed across devices, edge and cloud, chips must deliver more than computing power. They need to combine performance, energy efficiency, connectivity, integration and development flexibility under varying latency, power, cost and form-factor constraints. We believe the following capabilities are increasingly critical for chip solutions in the AI era:

- ***High performance with low power consumption.*** AI-enabled chips must deliver sufficient computing power within strict power and thermal limits, especially for battery-powered and cost-sensitive edge devices. Hardware-software co-optimization and efficient workload allocation are critical to enabling reliable AI experiences and coordinating tasks across devices, edge nodes and cloud infrastructure.

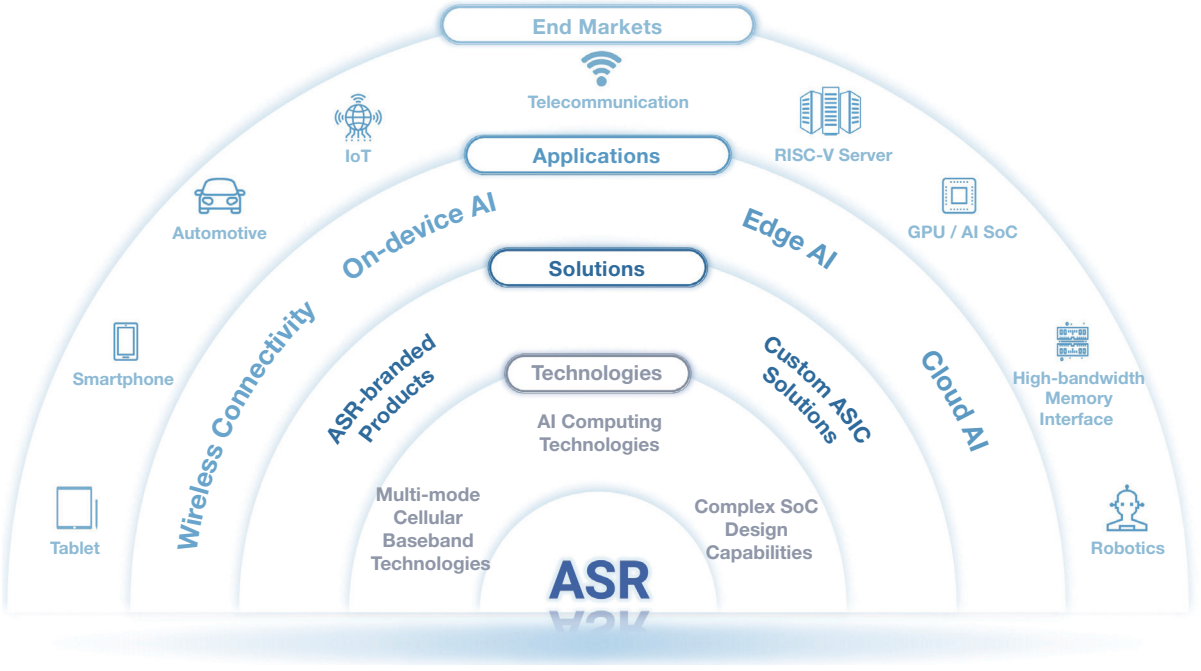
- ***High integration.*** AI-enabled chips increasingly integrate connectivity, computing, sensing, multimedia processing and other system functions. Higher integration reduces external components, simplifies system design, improves power and area efficiency, and supports smaller form factors and lower system costs.

- ***High reusability and configurability.*** As AI applications diversify, chip solutions must adapt to different standards, AI models, operating systems, hardware environments and performance requirements. Reusable architectures, modular IP and software frameworks improve development efficiency and support faster commercialization across device, edge and cloud scenarios.

Our integrated technology platform enables us to develop and commercialize chips efficiently across multiple products, projects and application scenarios. Rather than developing each new chip from the ground up, we reuse and adapt our technologies, proprietary IP, design methodologies and execution capabilities across ASR-branded products and custom ASIC solutions. This allows us to extend our platform into new communication standards, AI workloads and end markets with greater efficiency and execution certainty.

Built on this platform, we have developed three synergistic offerings for edge-to-cloud AI applications. Our wireless connectivity chips provide the communications foundation for AI applications; our smart device SoCs integrate processing, connectivity, sensing and on-device intelligence for intelligent edge devices; and our custom ASIC solutions apply our platform to application-specific computing at the edge and in the cloud.

The following diagram illustrates how our core technologies translate into our ASR-branded products and custom ASIC solutions, and the applications and end markets they serve:



We have devoted sustained R&D efforts to building our integrated technology platform shared across our ASR-branded products and custom ASIC solutions. This platform rests on three core pillars:

- ***Multi-mode cellular baseband technologies.*** We possess end-to-end cellular capabilities covering all standards from 2G to 5G, including protocol stacks, baseband and RF technologies, and complete cellular chipset development. Cellular networks uniquely combine wide-area coverage, seamless mobility, predictable latency and reliability, and support for massive connections, providing the communications foundation for mobile, wide-area and mission-critical AI applications. Our 5G network slicing technology further enables differentiated control over latency, bandwidth and reliability. Our Wi-Fi, Bluetooth, LoRa, GNSS and satellite communications technologies complement our cellular capabilities and broaden the range of applications we serve.

- ***AI computing technologies.*** At the edge, our self-developed NPU architecture supports mainstream AI models, with computing capacities scalable from 0.2 TOPS to hundreds of TOPS. This supports on-device generative AI, real-time voice translation, video enhancement and other local AI inference tasks. For the cloud, our large-scale heterogeneous AI chip design technology supports the development of complex AI ASICs and cloud computing chips integrating tens of billions of transistors for large-model training and inference. These capabilities are further supported by edge computing, edge-cloud AI model collaboration and heterogeneous compute scheduling technologies, which coordinate AI workloads across devices, edge nodes and cloud infrastructure.

- ***Complex SoC design capabilities.*** A smart device SoC must combine multiple functions on a single chip, including processing, memory and high-speed interfaces, graphics and display, sensing, security and power management. Leveraging our ultra-large-scale digital and mixed-signal design technologies and multimodal sensing and processing technologies, we design and integrate these functions into complex SoCs while balancing performance, power consumption, chip area and cost, underpinning the commercial viability of our products in mass-market applications.

With our high-volume chip shipment, we have mastered end-to-end design-to-production and supply chain capabilities spanning the full chip development lifecycle, from chip definition and architecture design through front-end and back-end design, verification, tape-out, foundry and OSAT coordination, production ramp-up, quality management and cost control. These capabilities enable us to translate complex designs into reliable, volume-produced silicon. In our custom ASIC solutions, these capabilities also allow us to provide customers with one-stop support from chip definition and design through mass production. Our high-volume commercial shipments continuously stress-test, validate and refine these capabilities, creating practical design, manufacturing and supply chain know-how that we believe is difficult for peers without comparable mass-production experience to replicate.

We believe our commercialization capabilities accumulated in our cellular IoT success are highly relevant to on-device AI and edge AI applications. Both markets are characterized by fragmented and diversified application scenarios, long-tail customer demand and stringent requirements for power efficiency, cost optimization, rapid product iteration and long-term technical support. Customers in these markets typically have lengthy qualification cycles and value suppliers with proven product capabilities, stable delivery and established service relationships. Leveraging our experience in connectivity chips and relationships with downstream customers, we are well positioned to extend our product offerings to AI SoCs, as customers may prefer to adopt on-device AI chips from suppliers that already provide the connectivity foundation for their devices.

Our Product and Service Offerings

We have developed three synergistic product and service lines to capture opportunities arising from the AI era. Our wireless connectivity chips provide a strong commercial foundation and support broad participation in the growth of connected devices. Our smart device SoCs extend our capabilities into integrated on-device intelligence, while our custom ASIC solutions allow us to address application-specific computing opportunities at the edge and in the cloud. Together, these offerings combine established commercialization with exposure to high-growth AI opportunities, all anchored in our integrated technology platform.

Wireless connectivity chips — established foundation for connected AI. We provide a broad portfolio of cellular connectivity chips covering all standards from 2G to 5G, including 5G NR and RedCap. Our products serve major cellular IoT and mobile broadband applications, such as mobile broadband terminals, industrial and commercial IoT, connected vehicles, wearables and smart financial terminals. These products enable ubiquitous, real-time and massive connectivity across devices, edge and cloud. According to Frost & Sullivan, as of 2025, we were one of the very few China-based providers capable of developing and bringing into volume production cellular connectivity chips across all standards from 2G to 5G. We were also one of the very few providers globally with coverage across the principal technology pathways and application scenarios. Our cellular products have been adopted by leading module manufacturers and device manufacturers in China and overseas, and have passed the certification of four of the world's top five telecommunications operators, which is a prerequisite for commercial deployment on their networks. According to Frost & Sullivan, in 2025, we ranked No. 1

globally in cellular connectivity chip market in terms of shipment volume, and also ranked No. 1 globally by shipment volume in 4G cellular connectivity chips, Cat.1 cellular connectivity chips and Cat.4 cellular connectivity chips. According to Frost & Sullivan, in 2025, we also ranked No. 1 globally by shipment volume across a number of downstream application segments, including mobile gateway devices, wearable devices, smart electric meters and smart grid. In addition, our Wi-Fi, Bluetooth, LoRa and GNSS products broaden our application coverage in short-range and other specialized connectivity scenarios. In 2025, we shipped over 300 million units of ASR-branded wireless connectivity chips worldwide.

Smart device SoCs — integrated intelligence at the edge. Building on our complex SoC design capabilities, we provide smart device SoCs that integrate application processing with connectivity, multimedia, sensing, security and power management. Selected products incorporate our in-house NPU for power-efficient on-device intelligence. We are capable of developing highly integrated, power-efficient products across an exceptionally broad range of computing power, from 0.2 TOPS to hundreds of TOPS, to meet diverse end-device requirements. Our smart device SoC products have been commercially proven. For example, ASR8601, our first commercialized 4G smartphone SoC, had achieved cumulative shipments of approximately 5.8 million units as of June 30, 2026, validating its performance and overall reliability when running the Android platform. Our product line has since advanced from quad-core to octa-core intelligent SoCs with integrated on-device AI. Our latest-generation products, ASR7801 and ASR8861, each integrate a self-developed NPU delivering up to 20 TOPS of on-device AI computing power. ASR7801 is designed for AI-enabled imaging, multimedia processing and other edge AI applications. ASR8861 supports AI assistants, on-device large language models and real-time voice and text translation, enabling real-time AI responses without relying on cloud processing.

Custom ASIC solutions — application-specific computing from edge to cloud. Under our turnkey model, we provide end-to-end custom ASIC solutions and support the delivery of customized chips into volume production. We tailor silicon to customers' specific workloads and requirements for performance, power consumption, cost, latency and system integration. Our projects span AI computing, RISC-V, enterprise storage, robotic vision, smart wearables and industrial control, with particular strengths in inference-oriented ASICs. This strength dates back to 2018, when, following a competitive selection process involving several international chip design companies, we were selected by a leading AI company to develop custom hyperscale cloud-AI chips. According to Frost & Sullivan, we were the first China-based custom ASIC solution provider to secure an order to develop such chips. Today, our ASIC customers include hyperscalers and leading AI and semiconductor companies. As of June 30, 2026, we had successfully delivered dozens of custom ASIC projects, including designs using process nodes as advanced as 4nm. According to Frost & Sullivan, among major global providers, we hold leading positions in R&D efficiency, comprehensive coverage of application scenarios and service processes, platform-based capabilities and the proportion of ongoing projects on advanced process nodes of 6nm and below.

Our Achievements

We have achieved substantial commercial scale. In 2025, we shipped over 330 million units of ASR-branded products worldwide, including approximately 29.3 million units of smart device SoCs. As of June 30, 2026, cumulative shipments of our Cat.1, Cat.4 and Cat.7 chipsets approached one billion units globally. Our wireless connectivity chips have been adopted by four of the world's top five cellular module manufacturers by shipment volume in 2025, including all of the top three, according to Frost & Sullivan. Our products have entered the supply chains of leading end customers, reaching over 130 countries and regions as of June 30, 2026. In our custom ASIC business, we have served blue-chip customers with demand for AI inference and other AI-related chips. Our ASIC customers include companies ranked among China's top ten AI chip companies, top five full-stack cloud service providers

and top five smart cockpit chip suppliers, as well as the world's top five XR device vendors. As of June 30, 2026, our order backlog of custom ASIC solutions amounted to over RMB1.5 billion, representing an increase of 416.5% from June 30, 2025.

We achieved significant growth during the Track Record Period. Our revenue increased from RMB2,599.9 million in 2023 to RMB3,816.8 million in 2025 at a CAGR of 21.2%. Our revenue further increased by 29.1% from RMB1,898.1 million in the six months ended June 30, 2025 to RMB2,451.3 million in the six months ended June 30, 2026. Our gross profit increased from RMB584.4 million in 2023 to RMB890.7 million in 2025 at a CAGR of 23.5%. Our gross profit further increased by 72.3% from RMB405.9 million in the six months ended June 30, 2025 to RMB699.5 million in the six months ended June 30, 2026. Moreover, we achieved a turnaround to profitability in the six months ended June 30, 2026, recording a net profit of RMB84.2 million, compared with a net loss of RMB245.4 million for the corresponding period in 2025.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (i) distinctive capabilities across multi-mode cellular baseband and complex SoC design; (ii) versatile integrated platform built on self-developed, mass-production-validated IP; (iii) efficient R&D capabilities proven by volume production and commercial success; (iv) reliable design-to-production delivery backed by long-term supply chain partnerships; and (v) visionary leadership and experienced management team. For details, see "Business — Competitive Strengths."

GROWTH STRATEGIES

We intend to pursue the following strategies to drive the continued growth of our business and to further strengthen our market leadership: (i) reinforce our market leadership and expand our offerings to capture edge-to-cloud AI opportunities; (ii) expand our custom ASIC solutions to capture growing demand for customized silicon; (iii) advance R&D to enrich our IP portfolio and maintain technological leadership; (iv) further explore new market with existing customers and expand our customer base at home and abroad; (v) attract and retain talent to elevate our innovation DNA; and (vi) pursue strategic investments and acquisitions to expand our technology platform and ecosystem. For details, see "Business — Growth Strategies."

OUR RESEARCH AND DEVELOPMENT

Our R&D activities support the development of the three technology pillars and the ASR-branded products and custom ASIC solutions that use them. We have made, and will continue to make, substantial R&D investments. In 2023, 2024, 2025 and the six months ended June 30, 2026, our R&D expenses were RMB1,115.8 million, RMB1,241.8 million, RMB1,298.7 million and RMB663.3 million, respectively, representing 42.9%, 36.7%, 34.0% and 27.1% of our total revenue for the respective periods. Our R&D capabilities are supported by an interdisciplinary team of engineers. As of June 30, 2026, we had 1,180 R&D personnel, representing approximately 90% of our total employees. Approximately 74.7% of our R&D personnel held master's degrees or higher, including 23 doctoral degree holders. Our team includes technology specialists and senior engineers with experience at leading global wireless communications companies and expertise in system architecture, signal processing, communication protocol stacks, and digital, analog and RF circuit design. Our R&D organization combines centralized development of foundational technologies with product-specific development. Functional teams develop and maintain reusable assets and methodologies across cellular baseband, AI computing and complex SoC design, supported by digital, analog, RF, software and verification functions. These assets include IP for signal processing, analog and RF circuits, protocol stacks and low-power design, which can be reused across product categories. For details, see "Business — Research and Development."

SALES AND MARKETING

We serve customers through a combination of direct sales and distributor channels. Our direct customers principally include (i) module manufacturers and device manufacturers that purchase our ASR-branded products in volume and (ii) customers of our custom ASIC solutions. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our direct sales revenue was RMB463.3 million, RMB593.5 million, RMB658.7 million, RMB356.0 million and RMB535.2 million, respectively, representing 17.8%, 17.5%, 17.3%, 18.8% and 21.9% of our total revenue for the corresponding periods.

We also sell a substantial portion of our ASR-branded products through distributors, including buy-out distribution arrangements and consignment distribution arrangements. We engage distributors principally to serve efficiently a large and diversified base of downstream customers across a wide range of applications. According to Frost & Sullivan, the use of distributors is a common practice among fabless semiconductor companies supplying cellular connectivity and IoT chips. Most of our distribution sales are made under consignment arrangements, under which we retain primary responsibility for end-customer development and technical engagement. Our sales and technical teams identify and approach downstream customers, agree on product models and pricing with them, and provide technical support directly, while the distributor provides warehousing and stocking support, arranges delivery and collects payments. The remainder of our distribution sales are made under buy-out arrangements, under which the distributor purchases our products for resale to its customers and bears the related inventory risk, and we recognize revenue upon delivery to the distributor or its designated carrier. As of June 30, 2026, we engaged seven distributors through our sales network. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue generated by distribution was RMB2,136.6 million, RMB2,792.2 million, RMB3,158.1 million, RMB1,542.0 million and RMB1,916.1 million, respectively, representing 82.2%, 82.5%, 82.7%, 81.2% and 78.2% of our total revenue for the corresponding periods. For details, see "Business — Sales and Marketing."

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, customers for our ASR-branded products consisted of distributors of electronic components and, under direct sales, module manufacturers and device manufacturers. Customers for our custom ASIC solutions were primarily internet, AI and semiconductor companies. Our revenue generated from sales to the five largest customers in each year/period during the Track Record Period amounted to RMB2,083.6 million, RMB2,780.6 million, RMB3,150.9 million and RMB1,957.8 million, respectively, representing 80.1%, 82.1%, 82.6% and 79.9% of our total revenue for the corresponding years/periods. Our revenue generated from the largest customer in each year/period during the Track Record Period amounted to RMB1,108.9 million, RMB1,255.8 million, RMB1,433.9 million and RMB904.3 million, respectively, representing 42.7%, 37.1%, 37.6% and 36.9% of our total revenue for the corresponding years/periods. For details, see "Business — Our Customers."

During the Track Record Period, our suppliers primarily consisted of foundries and OSAT vendors, together with suppliers of semiconductor products and third-party semiconductor IP. Our purchases from our five largest suppliers in each year/period during the Track Record Period amounted to RMB1,920.0 million, RMB2,214.9 million, RMB2,672.1 million and RMB1,697.8 million, respectively, representing 75.0%, 77.6%, 71.4% and 74.8% of our total purchases for the corresponding years/periods. Our purchases from our largest supplier in each year/period during the Track Record Period amounted to RMB1,340.8 million, RMB1,470.8 million, RMB1,705.2 million and RMB1,158.4 million, respectively, representing 52.4%, 51.5%, 45.5% and 51.1% of our total purchases for the corresponding years/periods. We believe we have a good relationship with our major suppliers. For suppliers who grant us a credit period, the term is typically 30 to 60 days, and we settle amounts due to our suppliers by bank transfer. For details, see "Business — Our Supply Chain Management — Our Major Suppliers."

OUR SUPPLY CHAIN MANAGEMENT

As a fabless semiconductor company, we do not own wafer fabrication, packaging or testing facilities. Our outsourced production process generally includes wafer fabrication, bumping, wafer sort, assembly, final testing and system-level testing. Our suppliers therefore consist principally of foundries,

which fabricate our wafers, and OSAT vendors, which perform packaging and testing. Together, they account for the substantial majority of our purchases. We also purchase certain semiconductor products, third-party semiconductor IP, design software, equipment and outsourced technical services. We procure wafer fabrication and packaging and testing services for our ASR-branded products and custom ASIC solutions on a unified basis, with commercial terms negotiated at group level. Consolidating the requirements of both businesses increases our aggregate volume with our manufacturing partners and supports our access to capacity and competitive commercial terms, while individual arrangements remain tailored to the relevant product or project requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruption to our business as a result of a shortage of, or delay in, the supply of wafer fabrication or packaging and testing services, and we did not encounter any suspension or termination of our relationship with any major supplier or any material dispute with our suppliers. We select and assess our suppliers based on a range of factors, including technological expertise, product quality and quality control, price, delivery capability, service and responsiveness, and overall track record. Before we admit a new supplier, we review its commercial capability and its background, including its legal qualifications, its credit and compliance records and any connected relationship with us. For key manufacturing partners, we also conduct on-site reviews of their manufacturing facilities, quality systems and operational processes, and require samples for testing against our technical specifications. For details, see "Business — Our Supply Chain Management."

COMPETITION

The markets in which we operate are highly competitive, with both established international players and emerging domestic companies. We compete across our principal product and service offerings, comprising wireless connectivity chips, smart device SoCs and custom ASIC solutions. The principal competitive factors vary by product and service offering. We believe our position is supported by the combination of our three technology pillars, our reusable and mass-production-validated IP and our experience bringing complex chips through design, tape-out and volume production. We apply these capabilities across ASR-branded products and custom ASIC solutions and coordinate the relevant foundry and OSAT resources. See "Industry Overview" for further information on the competitive landscape of the markets in which we operate.

RISK FACTORS

Our business and the **[REDACTED]** involve certain risks. Some of the major risks we face include: (i) intense competition and rapidly evolving technologies and industry standards; (ii) the inherent cyclicality of the semiconductor industry; (iii) our dependence on demand in downstream markets; (iv) failure to develop and commercialize new or upgraded products in a timely and cost-effective manner; (v) lengthy and costly product qualification and verification processes; (vi) uncertainty and delays in revenue generation arising from lengthy product development and commercialization cycles; (vii) project execution, customer acceptance and revenue recognition risks associated with our custom ASIC solutions; (viii) substantial R&D expenditure and uncertain returns; (ix) our reliance on a limited number of third-party suppliers for critical products and services; and (x) limited control over outsourced manufacturing processes and production schedules. For details, see "Risk Factors."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this Document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS Accounting Standards.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(Unaudited)		*(Unaudited)*	
Revenue	**2,599,916**	**100.0**	**3,385,743**	**100.0**	**3,816,803**	**100.0**	**1,898,066**	**100.0**	**2,451,275**	**100.0**
Cost of sales	(2,015,508)	(77.5)	(2,689,975)	(79.5)	(2,926,123)	(76.7)	(1,492,183)	(78.6)	(1,751,783)	(71.5)
Gross profit	**584,408**	**22.5**	**695,768**	**20.5**	**890,680**	**23.3**	**405,883**	**21.4**	**699,492**	**28.5**
Selling and marketing expenses	(24,444)	(0.9)	(30,734)	(0.9)	(23,971)	(0.6)	(12,933)	(0.7)	(11,054)	(0.5)
Administrative expenses	(131,669)	(5.1)	(140,600)	(4.2)	(144,732)	(3.8)	(77,719)	(4.1)	(64,341)	(2.6)
Research and development expenses	(1,115,775)	(42.9)	(1,241,808)	(36.7)	(1,298,748)	(34.0)	(668,450)	(35.2)	(663,323)	(27.1)
Net impairment (losses)/ reversals on financial assets and contract assets	(128)	(0.0)	(17,565)	(0.5)	3,455	0.1	(1,090)	(0.1)	(827)	(0.0)
Other income	39,161	1.5	54,276	1.6	118,567	3.1	99,670	5.3	8,318	0.3
Other gains/(losses), net	116,747	4.5	(37,773)	(1.1)	39,122	1.0	5,896	0.3	46,966	1.9
Operating (loss)/profit	**(531,700)**	**(20.5)**	**(718,436)**	**(21.2)**	**(415,627)**	**(10.9)**	**(248,743)**	**(13.1)**	**15,231**	**0.6**
Finance income	46,486	1.8	53,020	1.6	67,944	1.8	31,872	1.7	28,646	1.2
Finance costs	(2,380)	(0.1)	(4,109)	(0.1)	(5,991)	(0.2)	(2,042)	(0.1)	(8,380)	(0.3)
Finance income — net	**44,106**	**1.7**	**48,911**	**1.4**	**61,953**	**1.6**	**29,830**	**1.6**	**20,266**	**0.8**
Share of net profit of investment in an associate	939	0.0	7,730	0.2	3,037	0.1	1,837	0.1	19,705	0.8
(Loss)/profit before income tax	**(486,655)**	**(18.7)**	**(661,795)**	**(19.5)**	**(350,637)**	**(9.2)**	**(217,076)**	**(11.4)**	**55,202**	**2.3**
Income tax (expense)/credit	(19,166)	(0.7)	(31,219)	(0.9)	(39,648)	(1.0)	(28,328)	(1.5)	29,042	1.2
(Loss)/profit for the year/period	**(505,821)**	**(19.5)**	**(693,014)**	**(20.5)**	**(390,285)**	**(10.2)**	**(245,404)**	**(12.9)**	**84,244**	**3.4**

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we use adjusted net (loss)/profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance. We believe that such a measure provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as it helps our management. However, our presentation of adjusted net (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net (loss)/profit (non-IFRS measure) as (loss)/profit for the year/period adjusted by adding back our equity-settled share-based compensation expenses, which were incurred in connection with our share incentive schemes. Such expenses in any specific period are not expected to result in future cash payments and are not indicative of our core operating results. The following table sets out a reconciliation from adjusted net (loss)/profit (non-IFRS measure) to (loss)/profit for the year/period, which is presented in accordance with the IFRS Accounting Standards:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	*(Unaudited)*
(Loss)/profit for the year/period	(505,821)	(693,014)	(390,285)	(245,404)	84,244
Add:					
Share-based compensation expenses	10,710	176,274	127,134	76,715	35,868
Adjusted net (loss)/profit (Non-IFRS Measure)	**(495,111)**	**(516,740)**	**(263,151)**	**(168,689)**	**120,112**

Revenue

During the Track Record Period, our revenue was derived primarily from sales of our ASR-branded products and, to a lesser extent, from the provision of our custom ASIC solutions. The following table sets forth the breakdown of our revenue by product and service type, both in absolute amount and as a percentage of total revenue, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(Unaudited)		*(Unaudited)*	
ASR-branded products	**2,246,293**	**86.4**	**3,013,761**	**89.0**	**3,579,331**	**93.8**	**1,753,622**	**92.4**	**2,113,622**	**86.2**
— Wireless connectivity chips	1,562,666	60.1	2,483,501	73.4	3,007,896	78.8	1,524,544	80.3	1,894,990	77.3
— Smart device SoCs	683,627	26.3	530,260	15.6	571,435	15.0	229,078	12.1	218,632	8.9
Custom ASIC solutions[1]	**226,262**	**8.7**	**335,728**	**9.9**	**217,222**	**5.7**	**126,232**	**6.7**	**321,903**	**13.1**
Others[2]	**127,361**	**4.9**	**36,254**	**1.1**	**20,250**	**0.5**	**18,212**	**0.9**	**15,750**	**0.7**
Total	**2,599,916**	**100.0**	**3,385,743**	**100.0**	**3,816,803**	**100.0**	**1,898,066**	**100.0**	**2,451,275**	**100.0**

(1) We generally recognize revenue from a custom ASIC project upon its completion and delivery, and our revenue from this service in any given period therefore depends largely on the number of projects reaching the delivery and revenue recognition stage in that period, rather than on the overall level of our business activities.

(2) Primarily comprised revenue from (i) standalone semiconductor IP licensing, and (ii) chip testing and verification services provided to EDA vendors. Such activities are ancillary to our principal businesses and are not a focus of our business development efforts. Accordingly, the amount and timing of such revenue were non-recurring and depended largely on the relevant customers' own product development and evaluation schedules.

The following table sets forth the sales volume and average selling price of our ASR-branded products by product type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(units in thousands)	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*	*(units in thousands)*	*(RMB per unit)*
Wireless connectivity chips	124,119	12.6	213,189	11.6	301,713	10.0	161,485	9.4	168,292	11.3
Smart device SoCs	31,943	21.4	29,028	18.3	29,264	19.5	11,185	20.5	10,586	20.7

The sales volume of our wireless connectivity chips continued to increase during the Track Record Period, primarily driven by our continued launch of new products and the expansion of the downstream application scenarios of our cellular connectivity chips. The sales volume of our smart device SoCs fluctuated from 2023 to 2025, primarily reflecting the transition of our smart device SoC portfolio from earlier-generation products to newer-generation products, such as our octa-core and AI-enabled smartphone SoCs. As shipments of earlier-generation products gradually declined, our newer-generation products went through customer design-in, certification and volume ramp-up, which typically take time, and the timing of our customers' own product launches and procurement also affected our shipments from period to period. The sales volume of our smart device SoCs decreased from the six months ended June 30, 2025 to the six months ended June 30, 2026, primarily because higher memory prices dampened demand in downstream markets.

The average selling prices of our wireless connectivity chips trended downwards from 2023 to 2025, primarily reflecting the continued launch of new products at more accessible price points, to cater to evolving market demand. The average selling prices subsequently increased from the six months ended June 30, 2025 to the six months ended June 30, 2026, primarily due to an increased sales contribution from our high-end products, such as 5G chip products, which carried higher average selling prices, driven by the continued ramp-up in customer adoption and market demand.

The average selling price of our smart device SoCs fluctuated from 2023 to 2025, primarily reflecting changes in our product mix. The average selling price of our smart device SoCs remained relatively stable for the six months ended June 30, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB584.4 million, RMB695.8 million, RMB890.7 million, RMB405.9 million and RMB699.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing gross profit margin of 22.5%, 20.5%, 23.3%, 21.4% and 28.5% for the respective periods. The following table sets forth our gross profit and gross profit margin by product and service type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(Unaudited)		*(Unaudited)*	
ASR-branded products	**443,527**	**19.7**	**610,850**	**20.3**	**857,645**	**24.0**	**419,054**	**23.9**	**585,229**	**27.7**
— Wireless connectivity chips	316,179	20.2	501,785	20.2	711,167	23.6	362,103	23.8	517,874	27.3
— Smart device SoCs	127,348	18.6	109,066	20.6	146,478	25.6	56,951	24.9	67,355	30.8
Custom ASIC solutions	**66,341**	**29.3**	**136,925**	**40.8**	**71,740**	**33.0**	**30,963**	**24.5**	**118,744**	**36.9**
Others[(1)]	**113,170**	**88.9**	**35,703**	**98.5**	**19,897**	**98.3**	**17,873**	**98.1**	**15,636**	**99.3**
Subtotal	**623,038**	**24.0**	**783,479**	**23.1**	**949,282**	**24.9**	**467,890**	**24.7**	**719,609**	**29.4**
Impairment loss of inventories	(38,630)	N/A	(87,711)	N/A	(58,602)	N/A	(62,007)	N/A	(20,117)	N/A
Total	**584,408**	**22.5**	**695,768**	**20.5**	**890,680**	**23.3**	**405,883**	**21.4**	**699,492**	**28.5**

(1) Primarily represent (i) standalone semiconductor IP licensing, and (ii) chip testing and verification services provided to EDA vendors. Such activities are ancillary to our principal businesses and are not a focus of our business development efforts. Accordingly, the amount and timing of such revenue were non-recurring and depended largely on the relevant customers' own product development and evaluation schedules.

During the Track Record Period, our gross profit margin varied across our product and service lines. Our custom ASIC solutions generally carried higher gross profit margins than our ASR-branded products, primarily because they were tailored to customer-specific requirements and involved design and development services. At the same time, as these solutions were priced on a case-by-case basis, their gross profit margins may fluctuate more significantly, depending on the mix of projects delivered. Within our ASR-branded products, gross profit margins differed between our wireless connectivity chips and our smart device SoCs, reflecting differences in product mix. Our other revenue carried substantially higher gross profit margins, as the relevant activities were service- and licensing-based in nature and involved a substantially different cost structure from our chip products. Our overall gross profit margin was therefore affected by the relative revenue contribution of each of our product and service lines, as well as by changes in the average selling prices and unit costs of the relevant products. In addition, our impairment losses on inventories fluctuated during the Track Record Period, primarily because larger one-off impairment provisions were recognized in certain periods in response to changes in demand in the relevant downstream end markets.

SUMMARY OF CONSOLIDATED BALANCE SHEETS

The following table sets forth a breakdown of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Non-current assets	**901,471**	**1,063,652**	**1,136,659**	**1,434,692**
Current assets	**6,397,081**	**5,473,216**	**5,843,560**	**6,359,266**
Current liabilities	**801,004**	**740,242**	**1,360,488**	**1,802,512**
Net current assets	**5,596,077**	**4,732,974**	**4,483,072**	**4,556,754**
Non-current liabilities	**141,995**	**114,849**	**161,902**	**147,367**
Total liabilities	**942,999**	**855,091**	**1,522,390**	**1,949,879**
Net assets	**6,355,553**	**5,681,777**	**5,457,829**	**5,844,079**

Our net current assets decreased from RMB5,596.1 million as of December 31, 2023 to RMB4,733.0 million as of December 31, 2024, primarily due to (i) a decrease in financial assets at FVPL, as we redeemed structured deposits upon maturity and applied the proceeds principally to fund our operating activities and our repurchase of shares during the year; and (ii) to a lesser extent, a decrease in inventories as we optimized our procurement planning and inventory levels. The decrease was partially offset by increases in prepayments, other receivables and other assets and trade receivables, generally in line with our increased procurement and sales growth over the same period.

Our net current assets further decreased to RMB4,483.1 million as of December 31, 2025, primarily due to increases in certain current liability items, mainly including (i) bank borrowings, which we drew down during the year for working capital purposes; and (ii) other payables and accruals and trade payables, mainly in connection with a new IP licensing agreement entered into in 2025 and our increased procurement of raw materials. The decrease was partially offset by increases in inventories and prepayments to suppliers, as we increased procurement in anticipation of growing customer demand.

Our net current assets increased slightly to RMB4,556.8 million as of June 30, 2026, primarily due to increases in inventories and prepayments to suppliers, as we further increased procurement in anticipation of growing customer demand, and in trade receivables, in line with our sales growth during the period. These increases were partially offset by (i) increases in contract liabilities, representing advances received on new custom ASIC projects and orders for ASR-branded products, and in bank borrowings; and (ii) decreases in financial assets at FVPL and cash and cash equivalents, which, together with the customer advances and bank borrowings, were applied to fund our operations.

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	*(Unaudited)*
Net cash used in operating activities	(678,328)	(411,525)	(455,717)	(272,133)	(378,051)
Net cash generated from investing activities	1,811,058	678,288	520,534	229,046	134,771
Net cash (used in)/generated from financing activities	(670,953)	(208,177)	385,882	253,232	191,824
Net increase/(decrease) in cash and cash equivalents	**461,777**	**58,586**	**450,699**	**210,145**	**(51,456)**
Cash and cash equivalents at beginning of the year/period	2,077,403	2,548,226	2,622,214	2,622,214	3,032,094
Effects of exchange rate changes on cash and cash equivalents	9,046	15,402	(40,819)	(5,597)	(65,718)
Cash and cash equivalents at end of the year/period	**2,548,226**	**2,622,214**	**3,032,094**	**2,826,762**	**2,914,920**

Our primary uses of cash during the Track Record Period were to fund our procurement of wafers, packaging and testing services and other materials, our research and development activities and our employee compensation. During the Track Record Period, we financed our operations and other capital requirements primarily through cash and cash equivalents on hand, net redemptions of our financial assets at fair value through profit or loss, and proceeds from bank borrowings. Going forward, we believe that our liquidity requirements will be satisfied with cash generated from our operations, **[REDACTED]** from the **[REDACTED]**, and other debt and equity financing from time to time according to our needs. For details, see "Financial Information — Liquidity and Capital Resources."

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	2024	2025	2026
Gross profit margin [(1)]	22.5%	20.5%	23.3%	28.5%
Current ratio [(2)]	8.0	7.4	4.3	3.5
Quick ratio [(3)]	6.1	5.6	3.0	2.3

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Current ratio is calculated based on total current assets divided by total current liabilities.

(3) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Shareholders at a general meeting and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. Currently, we have a reasonable dividend policy with an appropriate pre-determined payout ratio in place. As confirmed by our PRC Legal Advisor, any future after-tax profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until the aggregate amount of such fund has reached 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]** commissions, fees and estimated expenses payable by us in connection with the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the **[REDACTED]**) and that the **[REDACTED]** is not exercised.

We intend to use the **[REDACTED]** as follows: (i) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to enhance our R&D capabilities and expand our product portfolio; (ii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for strategic investments or acquisitions in furtherance of our long-term growth strategy; (iii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to expand our sales network and enhance our sales and marketing capabilities; and (iv) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes. For details, see "Future Plans and **[REDACTED]**."

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Pursuant to a concert party agreement entered into by Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 in September 2020, they have undertaken to act in concert regarding our Company's operations and material decisions. Mr. TAI has sole discretion to direct the exercise of all voting rights attached to the Shares held by them.

As of the Latest Practicable Date, Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, controlled approximately 22.32% of voting rights in our Company. Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the **[REDACTED]**), Mr. TAI, directly and indirectly through Ningbo Jiexin, Great ASR1 and Great ASR2, will control approximately **[REDACTED]**% of voting rights in our Company. Therefore, Mr. TAI, Ningbo Jiexin, Great ASR1 and Great ASR2 are, and will continue to be our Single Largest Group of Shareholders upon **[REDACTED]**.

LISTING OF A SHARES ON THE SHANGHAI STOCK EXCHANGE

On January 14, 2022, the A Shares of our Company were listed on the STAR Market of the Shanghai Stock Exchange (SSE: 688220). Our Directors confirm that, since our listing on the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors, having made all reasonable inquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance records is accurate. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

LEGAL PROCEEDINGS AND COMPLIANCE

Our Directors, as advised by our PRC Legal Advisor, confirm that we had complied with the relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole.

[REDACTED]

[REDACTED]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of our latest audited financial statements, and there has been no event since June 30, 2026 that would materially affect the information shown in the Accountant's Report set out in Appendix I to this Document.