OVERVIEW

The history of our Group traces back to August 2001, when the predecessor of our Company, was established by our founder Dr. Wayne Wei-Ming Dai through Celestry Design Technologies, Inc. in China under the name of Celestry Microelectronics (Shanghai) Co., Ltd. (思略微電子(上海)有限公司), which was later renamed as VeriSilicon Microelectronics (Shanghai) Limited (芯原微電子(上海)有限公司) in July 2002. In March 2019, our Company was converted into a joint stock company with limited liability and renamed as VeriSilicon Microelectronics (Shanghai) Co., Ltd. (芯原微電子(上海)股份有限公司). In August 2020, the A Shares of the Company were listed on the Shanghai Stock Exchange STAR Market under the stock code of 688521.

Over the years of business development, we have become a leading public company that provides custom silicon solutions, leveraging our comprehensive, proprietary portfolio of semiconductor IPs.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group's key corporate and business development milestones:

Year	Milestone
2001	The predecessor of the Company was established in Shanghai, PRC in August 2001.
2002	We began designing standard-cell library IP for foundries.
2003	We established our sales office and R&D center in San Jose, the United States, and sales office in Taipei, China.
2004	We acquired GDESIGN TECHNOLOGY (HK) LIMITED (眾華科技(香港)有限公司) and its subsidiary Shanghai Zhonghua Electronics Co., Ltd. (上海眾華電子有限公司)
	We began providing custom silicon service.
2005	We became the first ZSP design center in Chinese mainland certified by LSI.
2006	We acquired the DSP unit of LSI logic and added DSP IP into our IP portfolio.
	We established our sales offices in Tokyo, Japan and Nice, France, and R&D center in Dallas, the United States.
2007	We established our sales office and R&D center in Beijing, and sales team in Seoul, South Korea.
	We secured the PowerPC license.
2009	We designed a network switch chip based on IBM process.
2010	We established our sales team in Munich, Germany.
	We became the first hardware partner of Google's WebM video format in Asia.
2011	We established our sales offices in Shenzhen and Hong Kong.
2013	We established our R&D center in Chengdu.
2014	We added IP design and custom silicon service for FD-SOI.
	We acquired the software development team and the image vision technology from ArcSoft.

Year	Milestone
2016	We acquired Vivante Corporation and added GPU IP to our IP portfolio.
	We achieved chip design and tape out based on 22nm FD-SOI and 14nm FinFET process nodes.
2017	We added NPU IP, BLE IP and NB-IoT IP to our IP portfolio.
2018	We added ISP IP to our IP portfolio.
	We achieved chip design and tape out based on 7nm FinFET process node.
	We spearheaded the establishment of the China RISC-V Industry Consortium (中國RISC-V產業聯盟).
2019	We commenced research and development on Chiplet technology.
2020	We added the FLEXA API for processor IPs.
	Our Company was listed on the Shanghai Stock Exchange STAR Market, known as "China's first semiconductor IP stock."
	We established our R&D centers in Nanjing and Haikou.
2021	Our ISP IP achieved the certificate of ISO 26262 Vehicle Functional-Safety.
	We achieved chip design and tape out based on 5nm FinFET process node.
	We completed the R&D of the first-generation data-center video transcoding platform.
	We established our sales office in Austin, the United States, and Lingang R&D center, forming a dual-R&D-center layout with Zhangjiang in Shanghai.
	We became the exclusive sales partner of Alphawave in Chinese mainland, Hong Kong and Macau.
	We added Display Processing IP into our portfolio.
2022	We launched our AI-ISP, an innovative AI image enhancement technology.
	We launched the functional-safety (FuSa) SoC design platform.
	Our chip design process obtained ISO 26262 certification, and our ISP IP obtained IEC 61508 industrial functional-safety (FuSa) certification.
	We joined the UCIe industry alliance.
2023	We released the 2022 annual report, achieving full-year profitability and successfully removing the "U" suffix from our stock abbreviation.
	We collaborated with Microsoft to deploy Windows 10 OS on edge devices, and partnered with Google on the open-source project Open Se Cura.
	We launched super-resolution technology for smart display devices.
	Our low Bluetooth complete solution obtained Bluetooth 5.3 certification.

Year	Milestone
2024	We established our R&D center in Ho Chi Minh City, Vietnam.
	We launched the new-generation VPU IP for data centers and the high performance Vitality-architecture GPU IP.
	AI chips incorporating our NPU IP surpassed 100 million units shipped globally.
	We completed the R&D of the second-generation video transcoding platform.
	Our Display Processing IP and distortion-correction processor IP obtained ISO 26262 certification.
	We spearheaded the establishment of the Shanghai Open Processor Industry Innovation Center (上海開放處理器產業創新中心).
2025	We completed a private placement of A-shares, raising net proceeds of approximately RMB1.78 billion.
	We entered into the agreement to acquire Pixelworks Semiconductor through a special purpose entity led by our Company.
	We established our R&D center in Guangzhou.
	We jointly launched the open-source Coral NPU IP with Google.
	We delivered a customized 5nm automotive-grade autonomous-driving chip to a leading new-energy vehicle manufacturer.
	Customer chips incorporating our GPU IP surpassed 2 billion units shipped globally.
	AI chips incorporating our NPU IP approached 200 million units shipped globally.
	Our NPU IP obtained ISO 26262 certification.

OUR MAJOR SUBSIDIARIES

The following table sets forth the detailed information of the major subsidiaries of our Company that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period.

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Equity interest attributable to our Group	Principal activities
VeriSilicon Microelectronics (Beijing) Co., Ltd. (芯原微電子(北京)有限公司) ("**VeriSilicon Beijing**")	PRC	June 13, 2007	100%	Research and development
VeriSilicon Microelectronics (Chengdu) Co., Ltd. (芯原微電子(成都)有限公司) ("**VeriSilicon Chengdu**")	PRC	April 28, 2013	100%	Research and development

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Equity interest attributable to our Group	Principal activities
Vivante (Shanghai) Co., Ltd. (圖芯芯片技術(上海)有限公司) (“**Vivante Shanghai**”)[(1)]	PRC	June 7, 2007	100%	Research and development
VeriSilicon Microelectronics (Nanjing) Co., Ltd. (芯原微電子(南京)有限公司) (“**VeriSilicon Nanjing**”)	PRC	May 8, 2020	100%	IP licensing, custom silicon and research and development
VeriSilicon Microelectronics (Hainan) Co., Ltd. (芯原微電子(海南)有限公司) (“**VeriSilicon Hainan**”)	PRC	December 17, 2020	100%	Research and development
VeriSilicon Technology (Shanghai) Co., Ltd. (芯原科技(上海)有限公司) (“**VeriSilicon Technology**”)	PRC	October 29, 2021	100%	IP licensing, custom silicon and research and development
VeriSilicon Microelectronics (Guangzhou) Co., Ltd. (芯原微電子(廣州)有限公司) (“**VeriSilicon Guangzhou**”)	PRC	September 4, 2025	100%	IP licensing, custom silicon and research and development
VeriSilicon Holdings Co., Ltd (“**VeriSilicon (Cayman)**”)	Cayman	June 10, 2002	100%	Investment holding
VeriSilicon, Inc.	U.S.	February 14, 2003	100%	IP licensing, custom silicon and research and development
VeriSilicon (Hong Kong) Limited (“**VeriSilicon (HK)**”)	Hong Kong	November 9, 2011	100%	Custom silicon
Vivante Corporation[(1)]	U.S.	April 2, 2002	100%	IP licensing and research and development

Note:

(1) Vivante Corporation and Vivante Shanghai were acquired by the Group and became our wholly-owned subsidiaries since January 2016.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

1. Incorporation of Our Company

On August 21, 2001, the predecessor of our Company was established under the laws of the PRC as a limited liability company with an initial registered capital of USD500,000 contributed by Celestry Design Technologies, Inc. under the name of Celestry Microelectronics (Shanghai) Co., Ltd. (思略微電子(上海)有限公司), and was later renamed as VeriSilicon Microelectronics (Shanghai) Limited (芯原微電子(上海)有限公司) in July 2002. As of the Latest Practicable Date, Celestry Design Technologies, Inc. was an Independent Third Party.

2. Conversion into a Joint Stock Company

Upon completion of several rounds of capital increase and equity transfer, the registered capital of our Company reached USD45,013,418 as of March 2019. On March 26, 2019, our Company was converted into a joint stock company with limited liability and renamed as VeriSilicon Microelectronics (Shanghai) Co., Ltd. (芯原微電子(上海)股份有限公司).

Upon completion of the conversion, the registered capital of our Company was RMB369,000,000 divided into 369,000,000 Shares with a nominal value of RMB1.00 each, and the shareholding structure of our Company was as follows:

Name of the Shareholder	Number of Shares held	Approximate percentage of shareholding
VeriSilicon Limited(1)	77,876,777	21.10%
Wealth Strategy(2)	41,835,619	11.34%
National IC(2)	34,724,272	9.41%
Jiaxing Shixing(2)	26,279,585	7.12%
Jiaxing Haicheng(2)	22,046,654	5.97%
Dr. Wayne Wei-Ming Dai(3)	6,996,565	1.90%
Onshore ESOP Platforms(4)	1,837,778	0.50%
Gongqingcheng Wenxing(2)	128,767	0.03%
Other 25 Shareholders(5)	157,273,983	42.62%
Total	**369,000,000**	**100%**

Notes:

(1) VeriSilicon Limited was our offshore ESOP platform.

(2) As of the Latest Practicable Date, each of such Shareholders was an Independent Third Party.

(3) The number of Shares held by Dr. Wayne Wei-Ming Dai as shown in the table does not include the indirect interest held by him through VeriSilicon Limited, our offshore ESOP platform.

(4) Such ESOP platforms include a total of nine limited partnerships established in the PRC.

(5) Each of such 25 Shareholders held less than 5% of the then total share capital of our Company and was an Independent Third Party as of the Latest Practicable Date.

3. Listing on the Shanghai Stock Exchange STAR Market

As approved by the CSRC, our Company completed the initial public offering and listing of our A Shares on the Shanghai Stock Exchange STAR Market (stock code: 688521) on August 18, 2020 (the "**A Share Listing**"), pursuant to which a total of 48,319,289 new A Shares were issued. Immediately following the A Share Listing, our registered capital was increased to RMB483,192,883.

4. Private Placement of A Shares

In June 2025, we completed the private placement of 24,860,441 A Shares to a total of 11 institutional investors, each of whom was an Independent Third Party, at a price of RMB72.68 per A Share, which was determined with reference to the average closing price of our A Shares for 20 trading days prior to the pricing date. We raised net proceeds of approximately RMB1.78 billion from the private placement, which were used for R&D project on Chiplet solution platform for AIGC and intelligent driving, and new-generation IP R&D and industrialization project for AIGC and graphics processing. As a result of the private placement, our total share capital increased to RMB525,713,273.

SHARE INCENTIVE SCHEMES

Prior to our A Share Listing, in June 2019, the Group approved the 2019 stock option incentive plan (the "**2019 Option Plan**"), under which a total of 21,363,300 stock options were granted. The 2019 Option Plan has expired in July 2022.

In order to further improve our Group's long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of our Group's employees, we have adopted a total of three Restricted A Share Incentive Schemes since our A Share Listing. For details, see "Appendix IV — Statutory and General Information — Restricted A Share Incentive Schemes" of this document.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of Pixelworks Semiconductor

In October 2025, Tiansui Xinyuan Technology (Shanghai) Co., Ltd. (天遂芯願科技(上海)有限公司, "**Tiansui Xinyuan**") was established by the Company with an initial registered capital of RMB10 million as an SPV to acquire the entire equity interest in Pixelworks Semiconductor Technology (Shanghai) Co., Ltd. (逐點半導體(上海)股份有限公司, "**Pixelworks Semiconductor**") (the "**Acquisition of Pixelworks Semiconductor**"). Pixelworks Semiconductor specializes in the development and design of mobile visual processing chips, video transcoding chips, 3LCD projector chips, and implementation solutions.

On October 15, 2025, Tiansui Xinyuan entered into an equity purchase agreement with Pixelworks Semiconductor and its then shareholders, pursuant to which Tiansui Xinyuan agreed to acquire and all the shareholders of Pixelworks Semiconductor (other than the Company) agreed to sell 97.89% equity interest of Pixelworks Semiconductor at a consideration of RMB930 million in cash plus transaction fees and other related expenses. To the best knowledge of our Directors having made all reasonable enquiries, each of the then shareholders of Pixelworks Semiconductor (other than the Company) was an Independent Third Party. Immediately prior to the closing of such equity purchase agreement, the Company directly owned 2.11% equity interest of Pixelworks Semiconductor.

On December 12, 2025, Tiansui Xinyuan, the Company, Huaxin Dingxin (Beijing) Equity Investment Fund (Limited Partnership) (華芯鼎新(北京)股權投資基金(有限合夥), "**Huaxin Dingxin**"), SSCI Leading Integrated Circuit Private Equity Investment Fund Partnership (Limited Partnership) (上海國投先導集成電路私募投資基金合夥企業(有限合夥), "**SSCI Leading**"), Beijing E-Town Yuanchuang Equity Investment Fund Partnership (Limited Partnership) (北京屹唐元創股權投資基金合夥企業(有限合夥), "**Yitang Yuanchuang**"), Beijing Xinchuang Zhizao Phase II Venture Capital Fund (Limited Partnership) (北京芯創智造二期創業投資基金(有限合夥), "**Xinchuang Zhizao**") and Shanghai Hanze Venture Capital Partnership (Limited Partnership) (上海涵澤創業投資合夥企業(有限合夥), "**Hanze VC**," collectively with Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang and Xinchuang Zhizao, the "**Other Buyers**") entered into a capital increase agreement, pursuant to which, (i) the Company agreed to subscribe for (a) the increased registered capital of RMB20 million in Tiansui Xinyuan at a consideration of the 2.11% equity interest it held in Pixelworks Semiconductor, and (b) the increased registered capital of RMB350 million in Tiansui Xinyuan at a cash consideration of RMB350 million, respectively, and (ii) Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang, Xinchuang Zhizao and Hanze VC agreed to subscribe for the increased registered capital of RMB300 million, RMB150 million, RMB50 million, RMB50 million and RMB20 million in Tiansui Xinyuan at a cash consideration of RMB300 million, RMB150 million, RMB50 million, RMB50 million and RMB20 million, respectively. To the best knowledge of our Directors having made all reasonable enquiries, each of the Other Buyers was an Independent Third Party. Immediately following the capital increase, Tiansui Xinyuan was held as to 40%, 31.58%, 15.79%, 5.26%, 5.26% and 2.11% by the Company, Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang, Xinchuang Zhizao and Hanze VC and the registered capital of Tiansui Xinyuan was increased to RMB950 million.

The above acquisition has been properly and legally completed in January 2026, and all necessary regulatory approvals have been obtained. Following the completion of the

Acquisition of Pixelworks Semiconductor, Pixelworks Semiconductor was wholly owned by Tiansui Xinyuan, which was in turn owned as to 40% by our Company. As the Company controls the composition of the board of directors of Tiansui Xinyuan pursuant to the aforementioned agreements, Pixelworks Semiconductor became a subsidiary of our Company and its results were to be consolidated into the financial statements of the Group upon completion of the Acquisition of Pixelworks Semiconductor.

Attempted Acquisition of Xinlai Zhirong

On August 28, 2025, the Company entered into an equity acquisition intent agreement with Hu Zhenbo (胡振波), Xinlai Gongchuang (Shanghai) Management Consulting Center (Limited Partnership) (芯來共創(上海)管理諮詢中心(有限合夥)), and Xinlai Hechuang (Shanghai) Management Consulting Center (Limited Partnership) (芯來合創(上海)管理諮詢中心(有限合夥)), pursuant to which, the Company attempted to purchase shares in Xinlai Zhirong Semiconductor Technology (Shanghai) Co., Ltd. (芯來智融半導體科技(上海)股份有限公司, "**Xinlai Zhirong**") and raise supporting capital by issuing Shares and paying cash (the "**Attempted Acquisition of Xinlai Zhirong**"). On September 11, 2025, the Attempted Acquisition of Xinlai Zhirong was approved by the Board. However, due to the core demands and key matters put forward by the management of Xinlai Zhirong and the counterparties deviated from market environment, regulatory requirements, and the interests of the Company and all its Shareholders, after receiving notice from the management of Xinlai Zhirong and the counterparties to terminate such transaction, the Board approved the termination of the Attempted Acquisition of Xinlai Zhirong on December 11, 2025.

Save as disclosed above, we did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE STAR MARKET AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since August 2020, the A Shares of our Company have been listed on the Shanghai Stock Exchange STAR Market. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shanghai Stock Exchange STAR Market 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 enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange STAR Market. Our PRC Legal Advisor advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC or its dispatched institutions or the Shanghai Stock Exchange, and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. 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 our Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange STAR Market.

Our Company seek its H Shares to be [**REDACTED**] on the Hong Kong Stock Exchange in order to further promote the Company's internationalization strategy, enhance the Company's international brand image, strengthen the Company's core competitiveness, and enhance the Company's operational and management standards. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for more details.

ATTEMPTED GLOBAL DEPOSITARY RECEIPT APPLICATION

As approved by the Board on March 3, 2023, and by the shareholders of the Company on March 20, 2023, we proposed to offer Global Depositary Receipts ("**GDR**") of the Company globally and list the GDRs on the SIX Swiss Exchange (the "**Proposed GDR Application**"). The listing application was later submitted to the SIX Swiss Exchange in March 2023, and a conditional approval was obtained from the SIX Swiss Exchange in May 2023. However, taking into account the general macroeconomic conditions, we terminated the offering of GDR in December 2023. During our preparation for the Proposed GDR Application, we did not encounter any material difficulties or legal impediments which led us to terminate the preparation for the Proposed GDR Application.

To the best of our Directors' knowledge, information and belief, our Directors are not aware of any material matter relating to the Proposed GDR Application, which may materially and adversely affect the suitability of our Company to [**REDACTED**] its H Shares on the Stock Exchange and should be brought to the attention of the Stock Exchange, its Shareholders or prospective investors.

Based on the independent due diligence work performed by the Joint Sponsors and the information and documents made available to the Joint Sponsors, nothing has come to the Joint Sponsors' attention that could reasonably cast doubt on the Directors' views set out above.

PUBLIC FLOAT AND FREE FLOAT

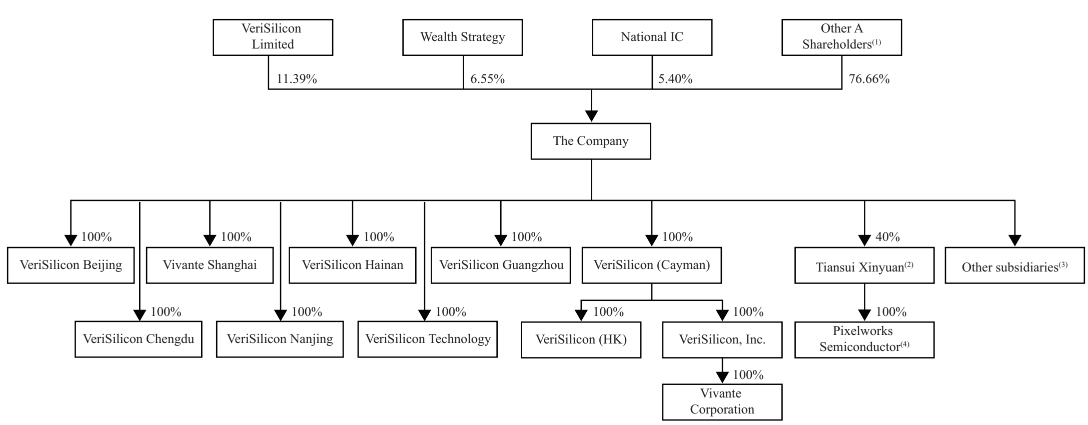
Rule 19A.13A of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected [**REDACTED**] of not less than HK$3,000,000,000.

Our A Shares are listed on the Shanghai Stock Exchange STAR Market. It is expected that upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes), based on an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low end of the indicative [**REDACTED**] range, the [**REDACTED**] of the H Shares that are held by the public is approximately HK$[**REDACTED**], which is higher than the prescribed [**REDACTED**] of the H Shares required to be held by the public of HK$3 billion under Rule 19A.13A(2) of the Listing Rules, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low end of the indicative [**REDACTED**] range, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart illustrates our corporate and shareholding structure immediately prior to the [**REDACTED**]:



Notes:

(1) As of the Latest Practicable Date, 287,000 A Shares were held by the Company as treasury shares, which did not carry any Shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights.

(2) As of the Latest Practicable Date, Tiansui Xinyuan was held as to 40% by the Company and 31.58%, 15.79%, 5.26%, 5.26% and 2.11% by Huaxin Dingxin, SSCI Leading, Yitang Yuanchuang, Xinchuang Zhizao and Hanze VC, each an Independent Third Party.

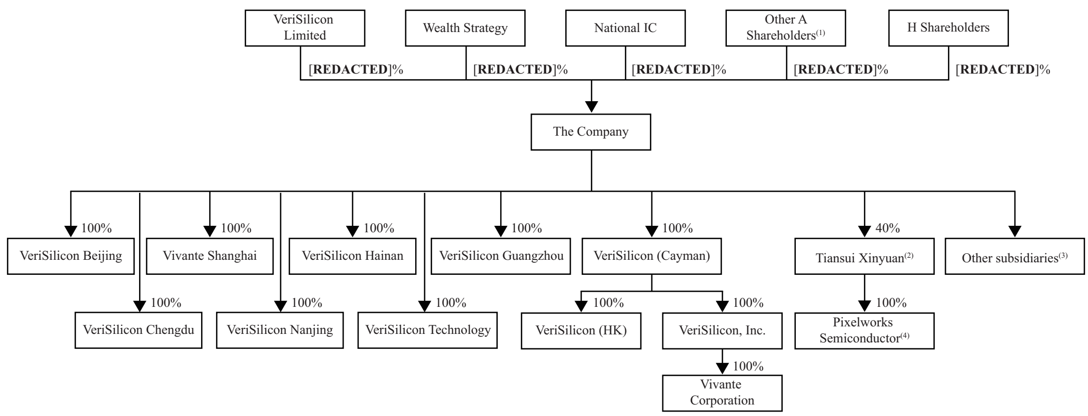
(3) As of the Latest Practicable Date, other subsidiaries are other four overseas subsidiaries that are indirectly wholly-owned by our Company, including VeriSilicon Microelectronics (Hong Kong) Limited, VeriSilicon Vietnam Company Limited, VeriSilicon Kabushiki Kaisha and VeriSilicon EURL.

(4) Pixelworks Semiconductor directly holds 100% equity interest in Pixelworks Semiconductor Technology (Zhuhai) Co., Ltd. (逐點半導體(珠海)有限公司).

(5) Certain percentage figures included in the above chart have been subject to rounding adjustments.

OUR CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The following chart illustrates our corporate and shareholding structure immediately following the completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised and no additional Shares are issued pursuant to the Restricted A Share Incentive Schemes:



Note: Please refer to the notes (1) to (5) to the paragraph headed "Our Corporate Structure Immediately Prior to the Completion of the [**REDACTED**]" above for more information.