
CONNECTED TRANSACTION

Upon [REDACTED], certain transaction between us and our connected person will constitute continuing connected transaction under Chapter 14A of the Listing Rules.

CONNECTED PERSON

We have entered into certain transaction in the ordinary and normal course of our business with the following entity expected to constitute our connected person under Chapter 14A of the Listing Rules upon [REDACTED], which will constitute a continuing connected transaction upon the [REDACTED]:

<u>Name of our connected person</u>	<u>Connected relationship</u>
Phison Electronics and its subsidiaries	Phison Electronics is one of our substantial Shareholders.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Procurement Agreement

Principal Terms

On [•], 2026, our Company, for itself and on behalf of its subsidiaries, entered into a 2026–2028 procurement agreement (the “**Procurement Agreement**”) with Phison Electronics, pursuant to which our Group would procure from Phison Electronics and its subsidiaries (the “**Phison Electronics Group**”) memory product components (including but not limited to NAND Flash, controller chips, etc.) and related memory products (the “**Storage-related Products**”) as well as related technical support services (the “**Technical Support Services**”). The term of the Procurement Agreement will end on December 31, 2028 and may be renewed upon both parties’ agreement subject to compliance with the Listing Rules and other applicable laws and regulations.

Subject to the terms of the Procurement Agreement, we will enter into specific agreement or place specific orders with member of Phison Electronics Group which will set out the specific terms and conditions for the procurement of the products and/or services under the Procurement Agreement.

Reasons for and Benefits for the Transaction

Phison Electronics is a company primarily engaged in designing, manufacturing and selling flash memory controller IC. With its professional qualifications and technical expertise, Phison Electronics Group is able to provide the Storage-related Products and Technical Support Services with reliability and consistency that meet our business requirements and quality standards. Our

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Group has been procuring the Storage-related Products and Technical Support Services from Phison Electronics Group to support our business in our ordinary and usual course of business and on normal commercial terms or better for our Group. Phison Electronics Group has also been familiar with our business needs and technical requirements.

Consideration and Pricing Policies

The price for the Storage-related Products and Technical Support Services under the Procurement Agreement will be determined by our Group and Phison Electronics Group through arm's length negotiation based on factors applicable to all suppliers, including but not limited to: (i) the prevailing market prices and pricing terms for similar products or services procured from Independent Third Parties; and (ii) in the absence of market prices, the actual costs and expenses incurred in manufacturing the relevant products or providing the relevant services reasonably determined by reference to the market price used in similar transactions, taking into account miscellaneous operating costs (such as processing costs and labor costs). Such price will be no less favorable than the prices at which our Group pays Independent Third Parties for comparable transactions.

Historical Amounts

The historical transaction amounts with respect to the procurement of the Storage-related Products and Technical Support Services by our Group from Phison Electronics Group were approximately RMB576.7 million, RMB999.7 million and RMB918.3 million for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, respectively.

Annual Caps

The proposed annual caps for the transactions contemplated under the Procurement Agreement are RMB[2,000] million, RMB[1,700 million] and RMB[1,600 million] for the years ending December 31, 2026, 2027 and 2028, respectively.

In arriving at the above proposed annual caps, our Directors have considered the following factors:

- (i) the historical transaction amounts with respect to the Storage-related Products and Technical Support Services;
- (ii) our expected increasing demand for the the Storage-related Products and Technical Support Services in the coming years due to various factors, including, but not limited to, anticipated industry development, growing customer demand based on our existing

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orders, our new product development plans and the increasing demand for high-end Storage-related Products with higher prices. For example, we expect the total number of the Storage-related Products we procure to increase by approximately 30% in 2026 compared with 2025, and the average unit price for the Storage-related Products, weighted by expected purchase quantity, to increase in 2026; and

- (iii) our expected increasing production of our self-developed chips in 2027 and 2028, which will lead to a gradual decrease in our demand for chips procured from third parties.

Listing Rules Implications

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of the annual caps for the transactions contemplated under the Procurement Agreement is expected to, on an annual basis, exceed 5%, such transaction will, upon [REDACTED], constitute continuing connected transaction of our Company subject to the annual reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR CONTINUING CONNECTED TRANSACTION

In relation to the Procurement Agreement, we have applied for, and the Stock Exchange [has] granted to us, a waiver from strict compliance with the announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated thereunder pursuant to Rule 14A.105 of the Listing Rules.

Please refer to the paragraphs headed “Waivers and Exemption — Waiver in Respect of Non-exempt Continuing Connected Transaction” for further details.

The independent non-executive Directors and auditors of our Company will review whether the transactions under the above continuing connected transaction have been entered into pursuant to the principal terms and pricing policies under the Procurement Agreement as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

In addition, our Directors confirm that we will comply with the applicable requirements under Chapter 14A of the Listing Rules and will immediately inform the Stock Exchange if any of the proposed annual caps set out above are exceeded, or when there is a material change in the terms of the transaction.

CONNECTED TRANSACTION

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transaction as set out above has been and will continue to be carried out in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant information and historical figures prepared and provided by the Company in relation to the above continuing connected transaction. Based on the Sole Sponsor's due diligence, the Sole Sponsor is of the view that the aforesaid continuing connected transaction, for which a waiver has been sought, has been and will be entered into in the ordinary and usual course of the Company's business, on normal or better commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the proposed annual caps in respect of such non-exempt continuing connected transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.