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**XIAOMI CORPORATION**

**小米集团**

*(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)*

**Stock Codes: 1810 (HKD counter) and 81810 (RMB counter)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
SETTING OF ANNUAL CAPS OF  
CONTINUING CONNECTED TRANSACTIONS  
FOR THE YEARS ENDING DECEMBER 31, 2024, 2025 AND 2026**

**CONTINUING CONNECTED TRANSACTIONS**

On December 22, 2023, the Company (for itself and on behalf of the XM Group) and Xiaomi Finance (for itself and on behalf of the Xiaomi Finance Group) agreed to renew the 2020 XMF Framework Agreement by entering into the 2023 XMF Framework Agreement in relation to, (i) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; (ii) the provision of financial services by the XM Group to the Xiaomi Finance Group; and (iii) other transactions under the 2023 XMF Framework Agreement, namely, (a) the supply of products by the XM Group to the Xiaomi Finance Group; (b) the provision of marketing services by the XM Group to the Xiaomi Finance Group; (c) the provision of marketing services by the Xiaomi Finance Group to the XM Group; (d) the provision of comprehensive support services by the XM Group to the Xiaomi Finance Group; (e) the provision of comprehensive support services by the Xiaomi Finance Group to the XM Group; (f) data and sharing collaboration between the XM Group and the Xiaomi Finance Group; (g) intellectual property licensing by the XM Group to the Xiaomi Finance Group; and (h) the provision of financial services by the Xiaomi Finance Group to the XM Group.

**LISTING RULES IMPLICATIONS**

The Company has agreed to treat each member of the Xiaomi Finance Group as a connected subsidiary of the Company for as long as Xiaomi Finance is accounted for as a subsidiary of the Company. Accordingly, the transactions contemplated under the 2023 XMF Framework Agreement constitute continuing connected transactions for the Company.

Since the highest applicable percentage ratio in respect of each of (i) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; and (ii) the provision of financial services by the XM Group to the Xiaomi Finance Group is 0.1% or more but less than 5% and each of these transactions are on normal commercial terms, these transactions are exempt from the independent Shareholders' approval requirements, but are subject to the announcement requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated December 30, 2020 in relation to the 2020 XMF Framework Agreement entered into between the Company (for itself and on behalf of the XM Group) and Xiaomi Finance (for itself and on behalf of the Xiaomi Finance Group), on December 30, 2020.

The Board is pleased to announce that, on December 22, 2023, the Company (for itself and on behalf of the XM Group) and Xiaomi Finance (for itself and on behalf of the Xiaomi Finance Group) agreed to renew the 2020 XMF Framework Agreement by entering into the 2023 XMF Framework Agreement in relation to, (i) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; (ii) the provision of financial services by the XM Group to the Xiaomi Finance Group; and (iii) other transactions under the 2023 XMF Framework Agreement, namely, (a) the supply of products by the XM Group to the Xiaomi Finance Group; (b) the provision of marketing services by the XM Group to the Xiaomi Finance Group; (c) the provision of marketing services by the Xiaomi Finance Group to the XM Group; (d) the provision of comprehensive support services by the XM Group to the Xiaomi Finance Group; (e) the provision of comprehensive support services by the Xiaomi Finance Group to the XM Group; (f) data and sharing collaboration between the XM Group and the Xiaomi Finance Group; (g) intellectual property licensing by the XM Group to the Xiaomi Finance Group; and (h) the provision of financial services by the Xiaomi Finance Group to the XM Group.

The 2020 XMF Framework Agreement will be terminated once the 2023 XMF Framework Agreement takes effect.

## **RENEWAL OF THE 2020 XMF FRAMEWORK AGREEMENT**

Principal terms of the 2023 XMF Framework Agreement are set out as follows:

**Date:**

December 22, 2023

**Parties:**

- (i) the Company (for itself and on behalf of the XM Group); and
- (ii) Xiaomi Finance (for itself and on behalf of the Xiaomi Finance Group).

**Duration:**

From January 1, 2024 to December 31, 2026.

**Subject matter:****(a) The provision of payment and settlement services by the Xiaomi Finance Group to the XM Group***Details of the transactions*

The Xiaomi Finance Group shall provide secure and reliable payment and settlement services and other ancillary services to the XM Group through the online and offline payment platforms and other payment services from time to time operated by the Xiaomi Finance Group.

*Pricing policy*

The service charges shall be agreed between the parties on a fair and reasonable basis with reference to the rates at which the same or similar types of services are provided by independent third parties under normal commercial terms. Where market rates are not applicable, the terms of the transactions will be determined with reference to similar and comparable transactions entered into with independent third parties to the extent practicable to ensure that the transactions will be executed on terms no less favorable to the XM Group than those available to or from independent third parties.

*Historical transaction amounts*

For the two years ended December 31, 2022 and the nine months ended September 30, 2023, the total service fees incurred by the XM Group for payment services rendered by the Xiaomi Finance Group amounted to approximately RMB95 million, RMB77 million and RMB50 million, respectively.

*Annual caps for the years ending December 31, 2024, 2025 and 2026*

The maximum aggregate fees payable by the XM Group to the Xiaomi Finance Group for the years ending December 31, 2024, 2025 and 2026 have been set as RMB260 million, RMB413 million and RMB655 million, respectively, which have been determined primarily with reference to (i) the historical transaction amounts; (ii) the volume of transactions and payments expected to be facilitated through the platforms and services operated by the Xiaomi Finance Group; (iii) the continued expansion of the XM Group's retail distribution platform will result in an increase in the XM Group's demand for the payment and settlement services of the Xiaomi Finance Group; (iv) the rapid expansion pace of the online and offline payment services of the Xiaomi Finance Group; (v) the advancement and modification of payment platform and services of Xiaomi Finance Group; (vi) the increase in the scope of payment services provided by the Xiaomi Finance Group to the XM Group; and (vii) the increase in the penetration rate of payment services provided by Xiaomi Finance Group to XM Group. Such services represent an important payment method for the services and products of the XM Group. As such, services

continue to penetrate the markets and gain popularity among the buyers and users of the XM Group's products and services, and we expect that there will be remarkable increase in payment transactions in 2024.

When determining the annual caps, the Company has assumed that: payment transactions payable by the XM Group to the Xiaomi Finance Group for the year ending December 31, 2024 are projected to be RMB260 million for the reasons set out above and are expected to grow by approximately 60% annually thereafter based on the expected increase in popularity of the payment services of the Xiaomi Finance Group.

The above is merely assumed for the purpose of determining the annual caps and shall not be regarded as any indication, directly or indirectly, as to the revenue, profitability or trading prospects of the XM Group or the Xiaomi Finance Group.

**(b) The provision of financial services by the XM Group to the Xiaomi Finance Group**

*Details of the transactions*

The XM Group shall provide financial services to the Xiaomi Finance Group, including lending and other credit and guarantee services and other financial services that may include settlement services, acceptance of bills, entrusted loans, trust loans, credit verification, asset-backed securitization and financing, and financial and financing consultation.

*Pricing policy*

With respect to the lending and other credit services, the lending interest rate will be determined with reference to market rates of similar lending and credit services and agreed between the parties on a fair and reasonable basis.

With respect to the other financial services, the fee will be determined with reference to the rates at which the same or similar type of services are provided by independent third parties under normal commercial terms, and agreed between the parties on a fair and reasonable basis. Where market rates are not applicable, the terms of the transactions will be determined with reference to similar and comparable transactions entered into with independent third parties to the extent practicable to ensure that the transactions will be executed on terms no less favorable to the XM Group than those available to or from independent third parties.

In the event that Xiaomi Finance ceases to be a subsidiary of the Company as a result of the exercise of options under the XMF Share Option Schemes, the parties will re-negotiate the lending interest rate and applicable fees for the provision of financial services by the XM Group to the Xiaomi Finance Group based on the then normal commercial terms.

### *Historical transaction amounts*

Excluding the one-off XMF Restructuring Loans advanced by the XM Group to the Xiaomi Finance Group that arose in connection with the XMF Restructuring, for the two years ended December 31, 2022 and the nine months ended September 30, 2023, the amount of financial services provided by the XM Group to the Xiaomi Finance Group (inclusive of interest and fees received) amounted to approximately RMB3,237 million, RMB6,016 million and RMB3,906 million, respectively.

### *Annual caps for the years ending December 31, 2024, 2025 and 2026*

Excluding the one-off XMF Restructuring Loans advanced by the XM Group to the Xiaomi Finance Group that arose in connection with the XMF Restructuring, the maximum aggregate amount of financial services to be provided by the XM Group to the Xiaomi Finance Group (inclusive of interest and fees received and expected to be received) for the years ending December 31, 2024, 2025 and 2026 have been set as RMB8,943 million, RMB8,853 million and RMB8,765 million, respectively, which have been determined primarily with reference to (i) the historical transaction amounts; (ii) the maximum amount of exposure at any time which the XM Group is prepared to undertake in the context of its estimated temporary surplus cash resources; (iii) intra-group liquidity of the Group; and (iv) the current level of outstanding amount of financial assistance between the XM Group and the Xiaomi Finance Group. Such maximum amount is applicable on a daily basis during the relevant year, and such maximum daily amount is calculated on an individual basis as outstanding at the end of each day during the relevant year without aggregating with the daily amount incurred on the days before.

When determining the annual caps, the Company has assumed that: (i) the Xiaomi Finance Group will continue to actively explore alternative financing options, including the issuance of asset-backed securities; and (ii) the level of financial assistance from the XM Group to the Xiaomi Finance Group will remain relatively stable.

The Xiaomi Finance Group engages in certain capital intensive business in the financial technology industry. As the Xiaomi Finance Group is still in a development phase, it would still in the near future require intra-group funding from the XM Group to meet its capital requirements. In addition, it is expected that there is significant demand for the factoring services to be offered by the Xiaomi Finance Group, and favorable government policies will be conducive to the substantial growth of such business, which will in turn increase the capital requirements of the Xiaomi Finance Group. As the operations of the Xiaomi Finance Group mature, its reliance on the XM Group for financing is expected to gradually become stable. The Xiaomi Finance Group will actively explore alternative financing options, including the issuance of asset-backed securities.

The above is merely assumed for the purpose of determining the annual caps and shall not be regarded as any indication, directly or indirectly, as to the revenue, profitability or trading prospects of the XM Group or the Xiaomi Finance Group.

**(c) Other transactions under the 2023 XMF Framework Agreement**

The following transactions are also contemplated under the 2023 XMF Framework Agreement:

- (i) supply of products by the XM Group to the Xiaomi Finance Group from time to time, including smartphones and other products;
- (ii) provision of marketing services by the XM Group to the Xiaomi Finance Group, including online and mobile application marketing services, traffic re-direction, marketplace promotion, cross-marketing, marketing analytics, advertisements and pre-installation of applications on mobile devices;
- (iii) provision of marketing services by the Xiaomi Finance Group to the XM Group, including online and mobile application marketing services, traffic re-direction, marketplace promotion, cross-marketing, marketing analytics and advertisements;
- (iv) provision of comprehensive support services by the XM Group to the Xiaomi Finance Group, including data services and systems, human resources, labor services, administrative services, analytics, office space, office systems and support services, software and systems, legal and accounting services, sales services, market development, technical support services, research and development services, staff trainings and recruitment, management services, procurement function support services, information technology services, software development, product sales and agent services, operation and maintenance services and consultation services;
- (v) provision of comprehensive support services by the Xiaomi Finance Group to the XM Group, including data services and systems, human resources, labor services, administrative services, analytics, office space, office systems and support services, software and systems, legal and accounting services, sales services, market development, technical support services, research and development services, staff trainings and recruitment, management services, procurement function support services, information technology services, software development, product sales and agent services, operation and maintenance services and consultation services;
- (vi) data sharing and collaboration between the XM Group and the Xiaomi Finance Group, whereby the XM Group and the Xiaomi Finance Group shall contribute data collected or generated as a result of users using the products or services of the XM Group or the Xiaomi Finance Group, as the case may be (subject to applicable laws and contractual requirements), to a big data platform that is jointly maintained by the XM Group and the Xiaomi Finance Group, and to which the XM Group and the Xiaomi Finance Group will have shared access;

- (vii) intellectual property licensing by the XM Group to the Xiaomi Finance Group, whereby the XM Group shall grant the Xiaomi Finance Group (1) a royalty-free license to use certain trademarks, logos and domain names in connection with the branding of the products and services of the Xiaomi Finance Group; and (2) a license to use certain patents and technologies owned and/or developed by the XM Group in connection with the products and/or services of the Xiaomi Finance Group in return for royalties; and
- (viii) provision of financial services by the Xiaomi Finance Group to the XM Group, with a scope similar to those provided by the XM Group to the Xiaomi Finance Group.

## **REASONS FOR AND BENEFITS OF THE 2023 XMF FRAMEWORK AGREEMENT**

Notwithstanding that members of the Xiaomi Finance Group are treated as connected subsidiaries of the Company, the Xiaomi Finance Group forms part of the Group and it is commercially reasonable for the Company to maximize inter-group synergies to facilitate the achievement of the various business objectives of the Group through the 2023 XMF Framework Agreement. Such arrangements have significant strategic advantages to the Group as a whole, particularly in terms of resources optimization and allocation, and the efficiency of intra-group coordination may also achieve considerable cost-savings to the Group as a whole.

## **OPINION FROM THE BOARD**

The Directors (including the independent non-executive Directors) consider that the terms of the 2023 XMF Framework Agreement (including the proposed annual caps for the years ending December 31, 2024, 2025 and 2026) are fair and reasonable, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Mr. Lei Jun has been granted options under the XMF Share Option Scheme I representing 42,070,000 shares of Xiaomi Finance, which in turn represent (i) approximately 42.07% of the issued shares of Xiaomi Finance as of the date of this announcement; and (ii) approximately 16.83% of the issued shares of Xiaomi Finance assuming that the options representing the maximum number of shares of Xiaomi Finance under the XMF Share Option Schemes have been granted and fully exercised. Mr. Lei Jun has therefore abstained from voting on the relevant board resolutions approving the 2023 XMF Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the matters contemplated therein nor is any of them required to abstain from voting on the relevant Board resolutions approving the 2023 XMF Framework Agreement and the transactions contemplated thereunder.

## **INFORMATION ON THE PARTIES**

The Company is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core.

Xiaomi Finance is a direct wholly owned subsidiary of the Company. Xiaomi Finance operates start-up businesses in the financial technology industry.

## **LISTING RULES IMPLICATIONS**

As a condition to the waiver granted by the Stock Exchange during the Listing in relation to the XMF Share Option Schemes, the Company will treat each member of the Xiaomi Finance Group as a connected subsidiary of the Company for as long as Xiaomi Finance is accounted for as a subsidiary of the Company. For further details, please refer to the section headed “Waivers from compliance with the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waivers in relation to the XMF Share Option Scheme II” in the Prospectus. Accordingly, the transactions contemplated under the 2023 XMF Framework Agreement constitute continuing connected transactions for the Company.

Since the highest applicable percentage ratio in respect of each of (i) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; and (ii) the provision of financial services by the XM Group to the Xiaomi Finance Group is 0.1% or more but less than 5% and each of these transactions are on normal commercial terms, these transactions are exempt from the independent Shareholders’ approval requirements, but are subject to the announcement requirements under Chapter 14A of the Listing Rules.

Since the financial services provided by the Xiaomi Finance Group to the XM Group will primarily be financial assistance within the meaning of Rule 14A.24(4) of the Listing Rules and will be unsecured and conducted on normal commercial terms or better to the XM Group, these transactions are exempt from the reporting, announcement and Shareholders’ approval requirements pursuant to Rule 14A.90 of the Listing Rules.

Since the applicable percentage ratios in respect of each of the transactions as outlined under the above paragraph entitled “(c) Other transactions under the 2023 XMF Framework Agreement”, except for “provision of financial services by the Xiaomi Finance Group to the XM Group”, is less than 0.1% and each of these transactions are on normal commercial terms, these transactions are exempt from the reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Xiaomi Corporation (小米集团), a company incorporated in the Cayman Islands with limited liability, the class B ordinary shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	person(s) or company(ies) which, to the best of the Director’s knowledge, information and belief having made all reasonable enquiry, is/are not connected (as defined under the Listing Rules) with the Company
“Listing”	the listing of the Company’s class B ordinary shares on the Stock Exchange on July 9, 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended and supplemented from time to time)
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company on June 25, 2018 in connection with its global offering
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Xiaomi Finance”	Xiaomi Finance Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on February 15, 2018 and a direct wholly owned subsidiary of the Company
“Xiaomi Finance Group”	Xiaomi Finance and its subsidiaries and consolidated affiliated entities from time to time
“XM Group”	the Group (other than the Xiaomi Finance Group)
“XMF Share Option Scheme I”	the first share option scheme adopted by Xiaomi Finance on June 17, 2018, as amended from time to time, the principal terms of which are set out in the section headed “Statutory and general information — Share option schemes — XMF Share Option Scheme I” in the Prospectus
“XMF Share Option Scheme II”	the second share option scheme adopted by Xiaomi Finance on June 17, 2018, the principal terms of which are set out in the section headed “Statutory and general information — Share option schemes — XMF Share Option Scheme II” in the Prospectus
“XMF Share Option Schemes”	the XMF Share Option Scheme I and the XMF Share Option Scheme II
“XMF Restructuring”	the intra-group restructuring of our finance related business, details of which are set out in “History, Reorganization and Corporate Structure — Restructuring of Our Finance Related Business” of the Prospectus
“XMF Restructuring Loans”	the one-off loans amounting to approximately US\$830 million and RMB299 million advanced by the XM Group to the Xiaomi Finance Group in connection with the XMF Restructuring, which is not regarded as connected transactions for the purpose of the Listing Rules as more particularly set out in the section headed “Waivers from Compliance with the Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance” of the Prospectus

“2020 XMF Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of the XM Group) and Xiaomi Finance (for itself and on behalf of the Xiaomi Finance Group) on December 30, 2020 in relation to a number of continuing connected transactions
“2023 XMF Framework Agreement”	a framework agreement entered into between the Company (for itself and on behalf of the XM Group) and Xiaomi Finance (for itself and on behalf of the Xiaomi Finance Group) on December 22, 2023 in relation to, (i) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; (ii) the provision of financial services by the XM Group to the Xiaomi Finance Group; and (iii) other transactions under the 2023 XMF Framework Agreement, namely, (a) the supply of products by the XM Group to the Xiaomi Finance Group; (b) the provision of marketing services by the XM Group to the Xiaomi Finance Group; (c) the provision of marketing services by the Xiaomi Finance Group to the XM Group; (d) the provision of comprehensive support services by the XM Group to the Xiaomi Finance Group; (e) the provision of comprehensive support services by the Xiaomi Finance Group to the XM Group; (f) data and sharing collaboration between the XM Group and the Xiaomi Finance Group; (g) intellectual property licensing by the XM Group to the Xiaomi Finance Group; and (h) the provision of financial services by the Xiaomi Finance Group to the XM Group
“%”	per cent

By order of the Board  
**Xiaomi Corporation**  
**Lei Jun**  
*Chairman*

Hong Kong, December 22, 2023

*As at the date of this announcement, the Board comprises Mr. Lei Jun as Chairman and Executive Director, Mr. Lin Bin as Vice-Chairman and Executive Director, Mr. Liu De as Executive Director, Mr. Liu Qin as Non-executive Director, and Dr. Chen Dongsheng, Mr. Wong Shun Tak and Prof. Tong Wai Cheung Timothy as Independent Non-executive Directors.*