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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)

CONNECTED TRANSACTION ENTERING INTO THE PARTNERSHIP AGREEMENT

THE PARTNERSHIP AGREEMENT

The Board announces that, on January 12, 2024, Hanxing Venture Capital (as a limited partner), a subsidiary of the Company, Hangzhou Shuncheng (as the General Partner), Kingsoft Wuhan (as a limited partner), and other limited partners entered into the Partnership Agreement in relation to the formation of the Fund with the total expected subscription contribution amount of approximately not less than RMB2.4 billion. Pursuant to the Partnership Agreement, Hanxing Venture Capital shall participate in the Fund as a limited partner and agreed to make a contribution in the amount of RMB490 million. Upon establishment of the Fund, it will not become a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Company.

LISTING RULES IMPLICATIONS

As the general partner of Hangzhou Shuncheng is controlled by Mr. Lei Jun, an executive Director and controlling shareholder of the Company, Hangzhou Shuncheng constitutes an associate of Mr. Lei Jun. As such, Hangzhou Shuncheng constitutes a connected person of the Company. Therefore, the entering into the Partnership Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio is more than 0.1% but less than 5%, the transaction contemplated under the Partnership Agreement is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of his interest in the General Partner, Mr. Lei Jun has abstained from voting on the relevant Board resolutions approving the entering into the Partnership Agreement. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the Partnership Agreement and none of them has abstained from voting on the relevant Board resolutions.

I. THE PARTNERSHIP AGREEMENT

The Board announces that, on January 12, 2024, Hanxing Venture Capital (as a limited partner), a subsidiary of the Company, Hangzhou Shuncheng (as the General Partner), Kingsoft Wuhan (as a limited partner), and other limited partners entered into the Partnership Agreement in relation to the formation of the Fund with the total expected subscription contribution amount of approximately not less than RMB2.4 billion. Pursuant to the Partnership Agreement, Hanxing Venture Capital shall participate in the Fund as a limited partner and agreed to make a contribution in the amount of RMB490 million. Upon establishment of the Fund, it will not become a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Company.

The principal terms of the Partnership Agreement are summarised as follows:

Date

January 12, 2024

Parties

- 1) Hangzhou Shuncheng, as the General Partner;
- 2) Hanxing Venture Capital (a subsidiary of the Company), as a limited partner;
- 3) Kingsoft Wuhan, as a limited partner; and
- 4) other limited partners of the Fund.

Investment Object

The Fund will be mainly engaged in the investment in unlisted companies in the fields of high-technology and Internet from start-up to maturity that are established or operated in China or have significant connections with China, with investment in industries such as in-depth science and technology, advanced manufacturing, new-generation information technology, dual-carbon science and technology, biopharmaceuticals, etc., and layout allocations that include the intelligent Internet of things, high-end equipment, new materials, life and health, green and low-carbon, etc., and to obtain returns for the partners from the capital gains.

Term of the Fund

- 1) Under the Partnership Agreement, the initial completion date (the “**Initial Completion Date**”) shall be the contribution date set out in the notice of initial payment of contribution issued by the executive partner (i.e. Hangzhou Shuncheng) to the initial Limited Partners, or such date as the executive partner may otherwise reasonably determine and notify the limited partners.
- 2) The operation term of the Fund shall end at the eighth (8th) anniversary commencing from the Initial Completion Date, and the executive partner shall have the right to extend the operation term of the Fund for a period of one (1) year at its discretion, and subject to the consent of the advisory committee to the proposal raised by the executive partner, the operation term of the Fund may be further extended for a period of one (1) year. Further, subject to the consent of limited partners holding more than 50% of the partnership interest, the operation term of the Fund may be further extended.
- 3) The period commencing from the Initial Completion Date and ending on the first fourth (4) anniversary thereof shall be the investment period of the Fund (the “**Investment Period**”). The remaining operation term of the Fund after expiration of the Investment Period is the exit period.
- 4) Upon exit of all the invested projects made by the Fund, the executive partner shall have the right to decide to early dissolve the Fund, and each limited partner shall cooperate actively to facilitate the dissolution formalities.

Capital Contribution and Payment

The total expected subscription contribution target of the Fund is approximately not less than RMB2.4 billion. The table below sets forth the particulars of the contribution commitment to be made by the initial partners of the Fund as at the date of the announcement:

Name of partner	Type of partner	Contribution amount <i>(RMB million)</i>	Partnership interest <i>(%)</i>
Hangzhou Shuncheng	General Partner	17	1.05
Kingsoft Wuhan	Limited Partner	500	31.33
Hanxing Venture Capital	Limited Partner	490	30.70
Hangzhou Investment	Limited Partner	399	25.00
Hainan Lanlan	Limited Partner	100	6.27
Zhang Qingyuan	Limited Partner	30	1.88
Wang Dong	Limited Partner	20	1.25
Ma Qian	Limited Partner	10	0.63
Li Jun	Limited Partner	10	0.63
Tidal Surge	Limited Partner	10	0.63
Qushui Science and Technology	Limited Partner	10	0.63
TOTAL		1,596	100

The respective subscription contribution to be made by the partners was determined after arm's-length negotiation between the parties to the Partnership Agreement with reference to the capital requirements of the Fund and the partners' proportionate interest therein. Hanxing Venture Capital will finance its contribution with its internal resources.

Unless otherwise agreed between the partners, each partner shall pay its respective contribution amount in full to the designated account in accordance with the notice of payment of contribution served by the executive partner. Unless otherwise agreed between the partners, the executive partner shall serve upon the limited partners at least a 15-working day notice for payment of contribution before the capital contribution date specified in that notice for payment of contribution.

Management of the Fund

(1). Executive Partner and the Manager

Subject to the terms of the Partnership Agreement, the executive partner (but not other partners) shall be in charge with the affairs of the Fund. All partners unanimously agreed to appoint Hangzhou Shuncheng as the executive partner of the Fund. Lhasa Economic and Technological Development Zone Shunwei Capital Investment Consulting Co., Ltd.* (拉薩經濟技術開發區順為資本投資諮詢有限公司) (the "**Manager**") is the fund manager upon the signing of the Partnership Agreement.

The Fund shall calculate and pay management fees to the Manager, as follows:

- 1) during the Investment Period, the annual management fees payable shall be 2% of the total subscribed capital contribution of each limited partner (exclusive of Special Investors); and
- 2) thereafter to the end of the operation term, the management fees payable in each quarter of each year shall be the investment costs of the investment projects that have not been withdrawn by the Fund as of the end of the previous calendar quarter borne by limited partners other than Special Investors (net of the portion of the investment cost that has been permanently written down, in whole or in part) of 0.5% (for the avoidance of doubt, equivalent to an annual management fee rate of two percent (2%)).

(2). Investment Decision-making Committee

Under the Partnership Agreement, the Fund shall establish an investment decision-making committee (the "**Investment Decision-making Committee**"), the members of which shall be designated by the Manager, and shall be in charge with the final decision pertaining to the investment projects. No member of the Investment Decision-making Committee shall be entitled to any remuneration.

Distribution

Subject to the terms of the Partnership Agreement, the income of the Fund is initially divided among the partners in accordance with the terms of the Partnership Agreement. Any distributable income attributable to the limited partner based on the preliminary division shall be distributed to the limited partner in the following order:

- 1) distributed to the limited partners until their cumulative distribution amount is equal to the sum of its subscribed capital contribution utilized for the aggregate of the following: (a) the investment principal of these investment projects and all previously realized investment projects; (b) the written-off portion of the investment principal of the unrealized investment project; and (c) the Fund fees of the investment costs sharing of all realized or written off investment projects, which is calculated in accordance with the terms of the Partnership Agreement (“**Return of Realized Investment Costs**”);
- 2) in the event any balance after the distribution of Return of Realized Investment Costs, a threshold return calculated at a simple interest rate of eight percent (8%) per year (the “**Threshold Return**”) shall be distributed to the limited partners;
- 3) following the completion of the distribution provided above, twenty percent (20%) of the total amount of (a) the Threshold Return and (b) the accumulated distribution in this item (3) shall be given to the General Partner as a catch-up distribution;
- 4) following the completion of the distribution provided above, 80/20 split between the limited partners and the General Partner until the cumulative amount distributed by the Fund to the limited partners is equal to two hundred fifty percent (250%) of the Return of Realized Investment Costs;
- 5) following the completion of the distribution provided above, distribution shall be made to the General Partner (as a catch-up) until the cumulative amount received by the General Partner regarding such limited partner is equal to twenty-five percent (25%) of the sum of (a) the cumulative amount distributed by the Fund to the limited partner net of its Return of Realized Investment Costs and (b) the total cumulative distribution amount received by the General Partner regarding the limited partner;
- 6) following the completion of the distribution provided above, 75/25 split between the limited partners and the General Partner until the cumulative amount distributed by the Fund to the limited partners is equal to three hundred percent (300%) of the Return of Realized Investment Costs;
- 7) following the completion of the distribution provided above, distribution shall be made to the General Partner (as a catch-up) until the cumulative amount received by the General Partner from the limited partner is equal to thirty percent (30%) of the sum of (a) the cumulative amount distributed by the Fund to the limited partner net of its Return of Realized Investment Costs and (b) the total cumulative distribution amount received by the General Partner regarding the limited partner; and

- 8) 70/30 split between the limited partner and the General Partner upon the completion of the distribution provided above.

Prior to the liquidation of the Fund, the executive partner shall make reasonable efforts to realize the investment of the Fund, avoiding non-cash distributions. However, the Fund may be distributed in a non-cash manner if the realization of the Fund's investments proves unattainable or if the executive partner determines in its reasonable judgement that non-cash distribution better align with the overall interests of all partners.

Loss and Debt Sharing

Subject to the terms and conditions of the Partnership Agreement, any losses incurred due to the project investment made by the Fund shall be borne by all partners participating such project investment in proportion to their interests, and other losses and debts of the Fund shall be borne by all partners in proportion to their respective subscribed contribution.

Transfer of the Partnership Interest

Subject to the terms of the Partnership Agreement, without prior written consent of the executive partner, the limited partner shall not transfer or otherwise dispose of, directly or indirectly, all or part of its partnership interest, or charge, pledge or otherwise create encumbrances thereon.

Without special consent at the partners' meeting, the General Partner shall not transfer all or part of its partnership interest to any non-related persons (related person refers to person who (i) directly or indirectly controls the General Partner; (ii) is controlled by the General Partner, or (iii) is under common control with the General Partner). For the avoidance of doubt, the General Partner may transfer all or part of the partnership interest held by it to its related persons by its independent decision without consent of the other partners.

Effectiveness of the Partnership Agreement

The Partnership Agreement shall be effective upon signing by all parties thereto.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Company has been continuously looking for investment opportunities with a view to strengthen its financial investment and enhance the Company's long-term growth potential.

The General Partner of the Fund and the Manager have a proven track record in capturing market trends and delivering solid investment returns. The Fund is set up to focus on the new-wave of industrial transformation and deep technology innovation venture opportunities. By leveraging the General Partner's strong coverage and portfolio management resources, the Company is seeking financial returns and better capital utilization.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Partnership Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Partnership Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. INFORMATION ON THE PARTIES

The Group and Hanxing Venture Capital

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

Hanxing Venture Capital is a company incorporated in the PRC, mainly engaged in venture capital investment (limited to investment in unlisted companies); and investment activities with its own funds (the operation for all projects that involve business permits will rely on relevant permits or approvals). As at the date of this announcement, Hanxing Venture Capital is accounted as a wholly-owned subsidiary of the Company.

The General Partner

The General Partner, namely Hangzhou Shuncheng Enterprise Management Partnership (Limited Partnership)* (杭州順承企業管理合夥企業(有限合夥)), is a limited partnership established in the PRC and is mainly engaged in enterprise management and investment. As at the date of this announcement, its general partner is Hangzhou Shunchuang Enterprise Management Co., Ltd.* (杭州順創企業管理有限公司), which is controlled by Mr. Lei Jun.

The limited partners (other than Hanxing Venture Capital)

Kingsoft Wuhan

Wuhan Kingsoft Software Co., Ltd.* (武漢金山軟件有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Kingsoft Corporation Limited, a company listed on the Stock Exchange (stock code: 3888.HK). Kingsoft Wuhan is mainly engaged in the provision of premise leasing and property management services for members of the group of Kingsoft Corporation Limited.

Hangzhou Investment

Hangzhou Investment is a company incorporated in the PRC, mainly engaged in investment activities and equity investment with its own funds. As at the date of this announcement, Hangzhou Investment is wholly owned by Hangzhou Financial Investment Group Co., Ltd.* (杭州市金融投資集團有限公司), a stated-owned enterprise under municipal administration.

Hainan Lanlan

Hainan Lanlan is a company incorporated in the PRC, mainly engaged in fundamental software services, animation and game digital content services, information processing and storage support services, data processing services, information technology consulting services, and other digital businesses. As at the date of this announcement, Hainan Lanlan is accounted as a wholly-owned subsidiary of a consolidated variable interest entity of JOYY Inc., a company listed on the Nasdaq Global Select Market (Nasdaq: YY).

Tidal Surge

Tidal Surge is a limited partnership registered under the laws of the PRC and is mainly engaged in investment activities with its own funds; data processing services; Internet data services; financing consulting services; bill information consulting services; social economy consulting services; big data services; Blockchain technology related software and services; accepting entrustment from financial institutions to engage in information technology and process outsourcing services (excluding financial information services); conference and exhibition services; organizing cultural and artistic exchange activities; marketing planning; business secretarial services; advertising design and agency; artificial intelligence basic resource and technology platform; engineering and technology research and experimental development; emerging energy technology research and development; project planning and public relations services; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; undertaking the engineering construction business of the head office; outsourcing engineering projects; property management; corporate management; commercial complex management services; supply chain management services; non-financing guarantee services; corporate credit rating services; and corporate headquarters management. As at the date of this announcement, the general partner of Tidal Surge is Beijing Qiwen Yiwei Investment Co., Ltd.* (北京奇文壹緯投資有限責任公司), which is wholly owned by Mr. Ge Ke.

Qushui Science and Technology

Qushui Science and Technology is a company incorporated in the PRC, mainly engaged in new material research and development, technology transfer; software technology development, technical services, technology consultation, technology transfer; electronic products, arts and crafts, household appliances, daily necessities, knitted textiles, apparel, footwear, hats, machinery and equipment, computer software and hardware and auxiliary equipment; design, research and development and sales of furniture, floors and wooden doors; import and export of goods and technology; and value-added telecommunications business. As at the date of this announcement, its shares are listed on the Shenzhen Stock Exchange (stock code: 301336.SZ).

Other individual investors

Other individual investors of the Fund consist of Zhang Qingyuan, Wang Dong, Ma Qian and Li Jun.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Kingsoft Wuhan, Hangzhou Investment, Hainan Lanlan, Tidal Surge, Qushui Science and Technology and other individual investors of the Fund, their ultimate beneficial owner and their respective associates are third parties independent of the Company and its connected persons.

IV. IMPLICATIONS UNDER THE LISTING RULES

As the general partner of Hangzhou Shuncheng is controlled by Mr. Lei Jun, an executive Director and controlling shareholder of the Company, Hangzhou Shuncheng constitutes an associate of Mr. Lei Jun. As such, Hangzhou Shuncheng constitutes a connected person of the Company. Therefore, the entering into the Partnership Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio is more than 0.1% but less than 5%, the transaction contemplated under the Partnership Agreement is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of his interest in the General Partner, Mr. Lei Jun has abstained from voting on the relevant Board resolutions approving the entering into the Partnership Agreement. Save as disclosed above, none of the Directors has a material interest in the transaction contemplated under the Partnership Agreement and none of them has abstained from voting on the relevant Board resolutions.

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 unless specifically stated in this announcement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Fund”	Hangzhou Shunzhong Venture Capital Partnership (Limited Partnership)* (杭州順眾創業投資合夥企業 (有限合夥)), a limited partnership to be formed in accordance with the terms of the Partnership Agreement
“General Partner” or “Hangzhou Shuncheng”	Hangzhou Shuncheng Enterprise Management Partnership (Limited Partnership)* (杭州順承企業管理合夥企業 (有限合夥)), where its general partner is Hangzhou Shunchuang Enterprise Management Co., Ltd.* (杭州順創企業管理有限公司), which is controlled by Mr. Lei Jun
“Group”	the Company and its subsidiaries
“Hanxing Venture Capital”	Hanxing Venture Capital Co., Ltd. (瀚星創業投資有限公司), a company incorporated in the PRC and is accounted as a wholly-owned subsidiary of the Company
“Hangzhou Investment”	Hangzhou Investment Holdings Co., Ltd.* (杭州市投資控股有限公司), a company incorporated in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kingsoft Wuhan”	Wuhan Kingsoft Software Co., Ltd.* (武漢金山軟件有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Kingsoft Corporation Limited, a company listed on the Stock Exchange (stock code: 3888.HK)
“Hainan Lanlan”	Hainan Lanlan Network Technology Co., Ltd.* (海南藍嵐網絡科技有限公司), a company incorporated in the PRC
“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)
“Partnership Agreement”	the partnership agreement dated January 12, 2024 entered into between the General Partner, Hanxing Venture Capital, Kingsoft Wuhan, and other limited partners in relation to the formation of the Fund
“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
“Qushui Science and Technology”	Chengdu Qushui Science and Technology Co., Ltd.* (成都趣睡科技股份有限公司), a company incorporated in the PRC

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the shares of the Company
“Special Investor(s)”	limited partner(s) recognized by the executive partner as special investors and identified as such in an appendix to the Partnership Agreement. For the avoidance of doubt, there is no Special Investors identified in the Partnership Agreement as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tidal Surge”	Hainan Tidal Surge Investment Partnership (Limited Partnership)* (海南潮汐湧動投資合夥企業 (有限合夥)), a limited partnership registered under the laws of the PRC
“%”	per cent

By order of the Board
Xiaomi Corporation
Lei Jun
Chairman

Hong Kong, January 12, 2024

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 Ms. Cai Jinqing as Independent Non-executive Directors.

* *For identification purposes only*