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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 Code: 1810)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND SETTING OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS FOR THE YEARS ENDING DECEMBER 31, 2021, 2022 AND 2023

CONTINUING CONNECTED TRANSACTIONS

On December 30, 2020, 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 2018 XMF Framework Agreement by entering into the 2020 XMF Framework Agreement in relation to the provision to each other, or by one to the other, of (i) supply of products; (ii) data sharing and collaboration; (iii) intellectual property licensing; (iv) payment and settlement services; (v) marketing services; (vi) comprehensive support services; and (vii) financial services.

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 2020 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 supply of products by the XM Group to the Xiaomi Finance Group; (ii) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; (iii) the provision of marketing services by the XM Group to the Xiaomi Finance Group; (iv) the provision of marketing services by the Xiaomi Finance Group to the XM Group; (v) the provision of financial services by the XM Group to the Xiaomi Finance Group (vi) the provision of comprehensive support services by the XM Group to the Xiaomi Finance Group; and (vii) the provision of comprehensive support services by the Xiaomi Finance Group to the XM 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 Prospectus in relation to, among other things, the 2018 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 June 18, 2018.

The Board is pleased to announce that, on December 30, 2020, 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 2018 XMF Framework Agreement by entering into the 2020 XMF Framework Agreement in relation to the provision to each other, or by one to the other, of (i) supply of products; (ii) data sharing and collaboration; (iii) intellectual property licensing; (iv) payment and settlement services; (v) marketing services; (vi) comprehensive support services; and (vii) financial services.

The 2018 XMF Framework Agreement will be terminated once the 2020 XMF Framework Agreement takes effect.

RENEWAL OF THE 2018 XMF FRAMEWORK AGREEMENT

Principal terms of the 2020 XMF Framework Agreement are set out as follows:

Date:

December 30, 2020

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, 2021 to December 31, 2023.

Subject matter:

(a) The provision of supply of products by the XM Group to the Xiaomi Finance Group

Details of the transactions

The XM Group shall from time to time supply its products, including smartphones and other consumer electronic products, to the Xiaomi Finance Group. The supply of products is in conjunction with the product leasing business.

Pricing policy

The purchase price for these products shall be agreed between the parties on a fair and reasonable basis with reference to the price level at which the XM Group generally sells the relevant products to independent third parties based on its pricing guidelines in place from time to time.

Historical transaction amounts

For the three years ended December 31, 2019 and the nine months ended September 30, 2020, the total price of the products purchased by the Xiaomi Finance Group from the XM Group amounted to approximately RMB3 million, RMB4 million, RMB6 million and RMB4 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

The maximum aggregate amounts of purchases by the Xiaomi Finance Group from the XM Group for the years ending December 31, 2021, 2022 and 2023 have been set as RMB197 million, RMB315 million and RMB504 million, respectively, which have been determined primarily with reference to (i) the historical transaction amounts; (ii) the volume of products expected to be purchased by the Xiaomi Finance Group from the XM Group; (iii) the significant demand for our product leasing programs.

When determining the annual caps, the Company has assumed that: (i) the product leasing business of the Xiaomi Finance Group would involve a projected purchase amount of RMB197 million in 2021, taking into account the current product mix, the prevailing market price of the relevant products and planned scale of the business; and (ii) the projected annual growth of the product leasing business of the Xiaomi Finance Group of approximately 60% annually thereafter.

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 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 three years ended December 31, 2019 and the nine months ended September 30, 2020, the total service fees incurred by the XM Group for payment services rendered by the Xiaomi Finance Group amounted to approximately RMB50 million, RMB32 million, RMB26 million and RMB53 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

The maximum aggregate fees payable by the XM Group to the Xiaomi Finance Group for the years ending December 31, 2021, 2022 and 2023 have been set as RMB218 million, RMB349 million and RMB559 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, such payment 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 2021 and going forward.

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, 2021 are projected to be RMB218 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.

(c) The provision of marketing services by the XM Group to the Xiaomi Finance Group

Details of the transactions

The XM Group shall provide comprehensive marketing services to 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.

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 three years ended December 31, 2019 and the nine months ended September 30, 2020, the total marketing service fees incurred by the Xiaomi Finance Group for the marketing services rendered by the XM Group amounted to approximately RMB71 million, RMB78 million, RMB14 million and RMB9 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

The maximum aggregate fees payable by the Xiaomi Finance Group to the XM Group for the years ending December 31, 2021, 2022 and 2023 have been set as RMB387 million, RMB573 million and RMB877 million, respectively, which have been determined primarily with reference to (i) the new positioning of Xiaomi Finance Group in the space of digital finance and the new rebranding in the name of Airstar Digits (天星數科) to further expand its digital finance capability. XM Group will continue to be the most important partner of Xiaomi Finance Group, and Xiaomi users will continue to be the most important target customers of Xiaomi Finance Group. As a result of this rebranding, Xiaomi Finance Group foresees a great increase in the need of marketing services from XM Group; (ii) the historical transaction amounts; (iii) the Group's marketing directives and brand initiatives; (iv) the nature and extent of marketing services offered by the XM Group; (v) the expected growth of the Xiaomi Finance Group as a fast-growing business in a development phase; (vi) increasing demand for marketing services; and (vii) the relevant market penetration costs for the products and services of the Xiaomi Finance Group. As the Xiaomi Finance Group is in a development phase, it requires on-going significant marketing efforts to build up its popularity and recognition. It is also commercially desirable for the Xiaomi Finance Group to utilize the marketing services of the XM Group as the user base of the XM Group represents a strategically important targeted customer segment of the Xiaomi Finance Group.

When determining the annual caps, the Company has assumed that: (i) the user base of the XM Group will remain a strategically important targeted consumer segment of the Xiaomi Finance Group, (ii) the expected volume of smartphones that will be pre-installed with the Xiaomi Finance Group's mobile applications will continue to increase, in return of which the Xiaomi Finance Group shall pay marketing fees to the XM Group; and (iii) the marketing expenses payable by Xiaomi Finance Group to the XM Group for the year ending December 31, 2021 are projected to be RMB387 million for the reasons set out above and the marketing expenses payable by the Xiaomi Finance Group to the XM Group are projected to grow in the range of approximately 45% to 55% annually thereafter.

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.

(d) The provision of marketing services by the Xiaomi Finance Group to the XM Group

Details of the transactions

The Xiaomi Finance Group shall provide comprehensive marketing services to the XM Group, including online and mobile application marketing services, traffic re-direction, marketplace promotion, cross-marketing, marketing analytics and advertisements.

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 three years ended December 31, 2019 and the nine months ended September 30, 2020, the total marketing service fees incurred by the XM Group for the marketing services rendered by the Xiaomi Finance Group amounted to nil, nil, nil and approximately RMB43 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

The maximum aggregate fees payable by the XM Group to the Xiaomi Finance Group for the years ending December 31, 2021, 2022 and 2023 have been set as RMB198 million, RMB317 million and RMB506 million, respectively, which have been determined primarily with reference to (i) the new positioning of Xiaomi Finance Group in the space of digital finance and the new rebranding in the name of Airstar Digits (天星數科) to further expand its digital finance capability. XM Group will continue to be the most important partner of Xiaomi Finance

Group, and Xiaomi users will continue to be the most important target customers of Xiaomi Finance Group. As a result of this rebranding, Xiaomi Finance Group foresees a great increase in the provision of marketing services to XM Group; (ii) the Group's marketing directives and brand initiatives; (iii) the nature and extent of marketing services offered by the Xiaomi Finance Group; (iv) the expected growth of the extent of cooperation between XM Group and Xiaomi Finance Group; (v) increasing demand for marketing services; (vi) the targeted consumer segment of the XM Group to some extent overlaps with that of the Xiaomi Finance Group; and (vii) the expected sales volume of the XM Group attributed to the marketing services rendered by the Xiaomi Finance Group will continue to increase. As the user base, service platforms and operations of the Xiaomi Finance Group mature and diversify, the Company expects that it will generate collaborative marketing opportunities between the XM Group and the Xiaomi Finance Group. Leveraging such opportunities, the Company expects that the XM Group will be able to continue to market and promote its products and services through the ecosystem and user traffic of the Xiaomi Finance Group.

When determining the annual caps, the Company has assumed that the marketing expenses payable by the XM Group to the Xiaomi Finance Group for the year ending December 31, 2021 are projected to be RMB198 million for the reasons set out above and are projected to grow by approximately 60% annually thereafter.

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.

(e) 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 the interest rate standard promulgated by the People's Bank of China and agreed between the parties on a fair and reasonable basis.

With respect to the other financial services, the fees to be charged will comply with the relevant prescribed rates for such services as determined by the People's Bank of China or the China Banking Regulatory Commission. Where no relevant prescribed rate is applicable, 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 three years ended December 31, 2019 and the nine months ended September 30, 2020, the amount of financial services provided by the XM Group to the Xiaomi Finance Group (inclusive of interest and fees received) amounted to approximately RMB5,625 million, RMB9,022 million, RMB6,446 million and RMB3,926 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

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, 2021, 2022 and 2023 have been set as RMB9,528 million, RMB9,346 million and RMB9,033 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.

(f) The provision of comprehensive support services by the XM Group to the Xiaomi Finance Group

Details of the transactions

The XM Group shall provide comprehensive support services 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.

Pricing policy

The service charges shall generally be determined based on the actual costs (including the corresponding overhead) for the provision of such services, or where appropriate with reference to pricing of comparable services available in the market.

Historical transaction amounts

For the three years ended December 31, 2019 and the nine months ended September 30, 2020, the total comprehensive support service fees incurred by the Xiaomi Finance Group for the comprehensive support services rendered by the XM Group amounted to approximately RMB13 million, RMB63 million, RMB87 million and RMB53 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

The maximum aggregate fees payable by the Xiaomi Finance Group to the XM Group for the years ending December 31, 2021, 2022 and 2023 have been set as RMB280 million, RMB426 million and RMB654 million, respectively, which have been determined primarily with reference to (i) the historical transaction amounts; and (ii) the operation level of the Xiaomi Finance Group relative to the XM Group as a whole with reference to the number of staff, and the expected increase in major cost components of the XM Group, including labor costs, data server maintenance and operating costs, back office costs, rental and other property related expenses and other overhead.

As the Xiaomi Finance Group's operations expand going forward, it will require a significant level of administrative and management services from the XM Group, including in particular data systems and support and human resources. Based on our anticipation of the scale of

operations of the Xiaomi Finance Group, the support service fees payable by the Xiaomi Finance Group to the XM Group is projected to amount to approximately RMB280 million in 2021, and is then projected to increase in the range of approximately 50% to 55% annually thereafter.

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.

(g) The provision of comprehensive support services by the Xiaomi Finance Group to the XM Group

Details of the transactions

The Xiaomi Finance Group shall provide comprehensive support services 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.

Pricing policy

The service charges shall generally be determined based on the actual costs (including the corresponding overhead) for the provision of such services, or where appropriate with reference to pricing of comparable services available in the market.

Historical transaction amounts

For the three years ended December 31, 2019 and the nine months ended September 30, 2020, the total comprehensive support service fees incurred by the XM Group for the comprehensive support services rendered by the Xiaomi Finance Group amounted to approximately RMB33 million, RMB50 million, RMB51 million and RMB17 million, respectively.

Annual caps for the years ending December 31, 2021, 2022 and 2023

The maximum aggregate fees payable by the XM Group to the Xiaomi Finance Group for the years ending December 31, 2021, 2022 and 2023 have been set as RMB124 million, RMB161 million and RMB209 million, respectively, which have been determined primarily with reference to (i) the historical transaction amounts; and (ii) the increase in operational needs of the XM Group from the Xiaomi Finance Group, and the expected increase in major cost components of the Xiaomi Finance Group, including labor costs, data server maintenance and operating costs, back office costs, rental and other property related expenses and other overhead.

Based on our anticipation, the support service fees payable by the XM Group to the Xiaomi Finance Group is projected to amount to RMB124 million in 2021, and is then projected to increase by approximately 30% annually thereafter.

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.

(h) Other transactions under the 2020 XMF Framework Agreement

The following transactions are also contemplated under the 2020 XMF Framework Agreement:

- (i) 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;
- (ii) 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
- (iii) provision of financial services by 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 2020 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 2020 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 2020 XMF Framework Agreement (including the proposed annual caps for the years ending December 31, 2021, 2022, and 2023) 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 2020 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 2020 XMF Framework Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

The Company is an internet 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 including, in particular, artificial intelligence-enabled online financial services, mobile applications offering technology-enabled banking, wealth management, loan and insurance products and consumer payment solutions, as well as establishing a proprietary credit information database through continuously analyzing consumer big data.

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 2020 XMF Framework Agreement constitute continuing connected transactions for the Company.

Since the highest applicable percentage ratio in respect of each of (i) the data sharing and collaboration between the XM Group and the Xiaomi Finance Group; and (ii) the intellectual property licensing by the XM Group to the Xiaomi Finance 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.

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.23(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 highest applicable percentage ratio in respect of each of (i) the provision of supply of products by the XM Group to the Xiaomi Finance Group; (ii) the provision of payment and settlement services by the Xiaomi Finance Group to the XM Group; (iii) the provision of marketing services by the XM Group to the Xiaomi Finance Group; (iv) the provision of marketing services by the Xiaomi Finance Group to the XM Group; (v) the provision of financial services by the XM Group to the Xiaomi Finance Group; (vi) the provision of comprehensive support services by the XM Group to the Xiaomi Finance Group and (vii) the provision of comprehensive support services by the Xiaomi Finance Group to the XM 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.

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 People's Republic of China
“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)
“Prospectus”	the prospectus issued by the Company on June 25, 2018 in connection with its global offering
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“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
“2018 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 June 18, 2018 in relation to the mutual provision of (i) supply of products; (ii) data sharing and collaboration; (iii) intellectual property licensing; (iv) payment and settlement services; (v) marketing services; (vi) comprehensive support services; and (vii) financial services
“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 the mutual provision of (i) supply of products; (ii) data sharing and collaboration; (iii) intellectual property licensing; (iv) payment and settlement services; (v) marketing services; (vi) comprehensive support services; and (vii) financial services
“%”	per cent

By order of the Board
Xiaomi Corporation
Lei Jun
Chairman

Hong Kong, December 30, 2020

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. Chew Shou Zi as Executive Director, Mr. Liu Qin as Non-executive Director, and Dr. Chen Dongsheng, Prof. Tong Wai Cheung Timothy and Mr. Wong Shun Tak as Independent Non-executive Directors.