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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xiaomi Corporation, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED ADOPTION OF THE 2023 SHARE SCHEME
AND
NOTICE OF THE ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Xiaomi Corporation 小米集团 to be held at Xiaomi Campus, Anningzhuang Road, Haidian District, Beijing, The People's Republic of China on Thursday, June 8, 2023 at 2:00 p.m. is set out on pages 31 to 34 of this circular. A form of proxy for use at the annual general meeting is also enclosed, and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mi.com).

Whether or not you are able to attend the annual general meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible, but in any event not less than 48 hours before the time appointed for holding the meeting (i.e. not later than 2:00 p.m. on June 6, 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting should you so wish.

Reference to time and dates in this circular are to Hong Kong time and dates.

May 15, 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2018 Share Award Scheme”	the post-IPO share award scheme adopted by the Company on June 17, 2018
“2018 Share Option Scheme”	the post-IPO share option scheme adopted by the Company on June 17, 2018
“2023 Share Scheme”	the share incentive scheme of the Company proposed to be approved at the AGM, a summary of the principal terms of which is set out in the Appendix III to this circular
“Adoption Date”	the date on which the 2023 Share Scheme is approved by the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be held at Xiaomi Campus, Anningzhuang Road, Haidian District, Beijing, The People’s Republic of China on Thursday, June 8, 2023 at 2:00 p.m., or any adjournment thereof
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Award”	an award granted under the 2023 Share Scheme by the Board to a Grantee, which may take the form of a Share Option or a Share Award and which shall be funded by Award Shares
“Award Letter”	a letter issued by the Company on the Grant Date in respect of each grant of Awards in such form as the Scheme Administrator may from time to time determine setting out the terms and conditions of the Award
“Award Shares”	new Shares underlying an Award
“Board”	the board of Directors
“Class A Share(s)”	class A ordinary shares in the share capital of the Company with a par value of US\$0.0000025 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Share(s)”	class B ordinary shares in the share capital of the Company with a par value of US\$0.0000025 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Company”	Xiaomi Corporation, a company with limited liability incorporated under the laws of the Cayman Islands on January 5, 2010, and whose Class B Shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Eligible Participant”	an Employee Participant, Related Entity Participant or Service Provider Participant
“Employee Participant”	any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of any member of the Group on the Grant Date
“Exercise Period”	in respect of any Award, the period during which the Grantee may exercise the Award
“Exercise Price”	in respect of the Share Option, the price per Share at which the Grantee may subscribe for Shares upon the exercise of a Share Option awarded under the Scheme
“Grant Date”	the date on which the grant of an Award is made to a Grantee, being the date of the Award Letter in respect of such Award
“Grantee”	any Eligible Participant approved for participation in the 2023 Share Scheme and who has been granted any Award
“Group”	the Company and its subsidiaries and the operating entities controlled under contractual arrangements from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	in respect of a Share Award, is the price per share a Grantee is required to pay to subscribe for the Shares comprising the Share Award
“Latest Practicable Date”	May 5, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Date”	July 9, 2018, the date on which the Class B Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“New Chapter 17”	amended Chapter 17 of the Listing Rules introduced by the Stock Exchange, which came into effect on January 1, 2023

DEFINITIONS

“Related Entity Participants”	any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of a holding company of the Company, a subsidiary of that holding company, or an associate company of the Company, as further detailed in the Appendix III to this circular
“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Associations, being (i) any amendment to the memorandum or Articles of Associations, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company’s auditors, and (iv) the voluntary liquidation or winding-up of the Company
“Scheme Administrator”	the Board and/or any committee of the Board or other person to whom the Board has delegated its authority to administer the 2023 Share Scheme in accordance with the Scheme Rules
“Scheme Rules”	the rules relating to the 2023 Share Scheme as amended from time to time
“Service Provider Participant”	persons providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Scheme Administrator pursuant to criteria set out in the Scheme Rules, as further detailed in the Appendix III to this circular
“Service Provider Sublimit”	shall have the meaning as set out on page 22 of this circular
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Class A Shares and/or Class B Shares in the share capital of the Company, as the context so requires
“Share Award”	an award which vests in the form of the right to subscribe for and/or to be issued such number of Award Shares as the Scheme Administrator may determine at the Issue Price in accordance with the terms of the Scheme Rules
“Share Issue Mandate”	the general mandate to Directors to exercise the power of the Company to allot, issue and deal with new Class B Shares not exceeding 20% of the total number of the issued Shares as at the date of passing the ordinary resolution approving such mandate
“Share Option”	an award which vests in the form of the right to subscribe for such number of Award Shares as the Scheme Administrator may determine during the Exercise Period at the Exercise Price in accordance with the terms of the Scheme Rules

DEFINITIONS

“Share Repurchase Mandate”	the general mandate to Directors to exercise the power of the Company to repurchase Shares not exceeding 10% of the total number of the issued Shares as at the date of passing the ordinary resolution approving such mandate
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission
“US\$”	United States dollars, the lawful currency of the United States of America
“Vesting Date(s)”	the date or dates, as determined from time to time by the Scheme Administrator, on which an Award (or part thereof) is to vest in the relevant Grantee and upon which the Grantee may exercise the Award as determined by the Scheme Administrator pursuant to the Scheme Rules, unless a different Vesting Date is deemed to occur in accordance with the Scheme Rules
“weighted voting rights”	has the meaning ascribed thereto under the Listing Rules
“WVR Beneficiary(ies)”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Lei Jun and Lin Bin, being the holders of Class A Shares
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Lei Jun (*Chairman of the Board and
Chief Executive Officer*)
Lin Bin (*Vice-Chairman of the Board*)
Liu De

Non-executive Director:

Liu Qin

Independent Non-executive Directors:

Chen Dongsheng
Wong Shun Tak
Tong Wai Cheung Timothy

Registered Office:

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

***Head Office and Principal place of business
in Mainland China:***

Xiaomi Campus, Anningzhuang Road
Haidian District
Beijing
The People's Republic of China

Principal Place of Business in Hong Kong:

5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong

May 15, 2023

To the Shareholders

Dear Sir/Madam

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED ADOPTION OF THE 2023 SHARE SCHEME
AND
NOTICE OF THE ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you a notice of the AGM, and to provide information in respect of the resolutions to be proposed at the AGM regarding the proposed granting of the Share Repurchase Mandate, the Share Issue Mandate, the proposed re-election of the retiring Directors and the proposed adoption of the 2023 Share Scheme.

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on June 2, 2022, the Directors were given a general unconditional mandate to repurchase Shares on the Stock Exchange. Up to the Latest Practicable Date, such mandate, to the extent not utilised by the date of the AGM, will lapse at the conclusion of the AGM.

In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, grant to the Directors the Share Repurchase Mandate to repurchase the Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution, details of which are set out in the proposed ordinary resolution 7 in the notice of the AGM (i.e. a maximum of 2,498,520,984 Shares to be repurchased by the Company, on the basis that the total issued share capital of the Company of 24,985,209,843 Shares remains unchanged from the Latest Practicable Date to the date of the AGM).

The Share Repurchase Mandate will expire upon whichever is the earliest of: (a) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or by any applicable laws to be held; and (c) revoked or varied by ordinary resolution of the shareholders in general meeting.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing the requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Share Repurchase Mandate is set out in Appendix I to this circular.

3. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on June 2, 2022, the Directors were given a general mandate to allot, issue and deal with Class B Shares. Such mandate, to the extent not utilised by the date of the AGM, will lapse at the conclusion of the AGM.

In order to give the Company the flexibility to issue Class B Shares if and when appropriate, an ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, grant to the Directors the Share Issue Mandate to allot, issue or deal with additional Class B Shares not exceeding 20% of the aggregate nominal value of the shares of the Company in issue as at the date of passing of the proposed ordinary resolution, details of which are set out in the proposed ordinary resolution 8 in the notice of the AGM (i.e. a maximum of 4,997,041,968 Class B Shares to be issued by the Company, on the basis that the total issued share capital of the Company of 24,985,209,843 Shares remains unchanged from the Latest Practicable Date to the date of the AGM).

In addition, an ordinary resolution will also be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the extension of the Share Issue Mandate by adding to the total number of Class B Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Share Issue Mandate the number of Shares purchased under the Share Repurchase Mandate (referred to in section 2 above), if granted. Details of the Share Issue Mandate and the extension of the Share Issue Mandate are respectively set out in resolutions 8 and 9 in the notice of the AGM.

LETTER FROM THE BOARD

The Share Issue Mandate will expire upon whichever is the earliest of: (a) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or by applicable laws to be held; and (c) revoked or varied by ordinary resolution of the shareholders in general meeting.

4. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to the Articles of Association, Liu Qin, Chen Dongsheng and Wong Shun Tak shall retire at the AGM and, being eligible, will offer themselves for re-election at the AGM.

The Nomination Committee of the Company has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy and the independence of the independent non-executive Directors. Chen Dongsheng and Wong Shun Tak, the retiring independent non-executive Directors of the Company, have confirmed their independence with reference to the factors set out in Rule 3.13 of the Listing Rules. The Nomination Committee and the Board considered that the retiring independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules; and satisfied with all the retiring Director's contribution to the Company, which will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity. The Nomination Committee and the Board therefore recommended the re-election of all the retiring Directors including the aforesaid independent non-executive Directors who are due to retire at the AGM.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. Details of the retiring Directors are set out in Appendix II to this circular.

Subject to the requirements under the Listing Rules and the Articles of Association, a shareholder may nominate a person to stand for election as a Director.

5. PROPOSED ADOPTION OF THE 2023 SHARE SCHEME

On March 24, 2023, the Board has resolved to propose the 2023 Share Scheme to be approved and adopted by the Shareholders. In approving the adoption of the 2023 Share Scheme, the Board has considered various factors, including: (i) its existing 2018 Share Award Scheme, the scheme mandate of which has been significantly utilised; and (ii) the New Chapter 17 rules, and proposes to adopt the 2023 Share Scheme to continue to provide equity incentives that the Company can utilise as part of its incentive strategy and also to ensure that the new scheme adopted shall be in compliance with New Chapter 17 requirements.

The purpose of the 2023 Share Scheme is to provide the Company with a flexible means of, attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to Eligible Participants through aligning the interests of Eligible Participants with those of the Company and Shareholders by providing them with an opportunity to acquire proprietary interests in the Company and become Shareholders, and thereby, encouraging Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 24,985,209,843 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares issuable pursuant to the 2023 Share Scheme and any other schemes of the Company (if any) in aggregate will be 2,498,520,984 Shares, being 10% of the total number of Shares in issue on the date of approval of the 2023 Share Scheme.

As at the Latest Practicable Date, no trustee has been appointed to administer and implement the 2023 Share Scheme. If a trustee is appointed by the Company in future, it shall comply with the requirements regarding voting arrangements as set out under Rule 17.05A of the Listing Rules.

Operation of the 2023 Share Scheme is conditional upon:

- (a) the passing of the ordinary resolutions by the Shareholders at the AGM to approve and adopt the 2023 Share Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in the Shares to be allotted and issued pursuant to the Awards.

The Board has resolved that immediately upon the 2023 Share Scheme taking effect, the Company shall not grant any further options and awards under the 2018 Share Option Scheme and 2018 Share Award Scheme. For the avoidance of doubt, any granted and unexercised options made under the 2018 Share Option Scheme and the granted and unvested award shares under the 2018 Share Award Scheme shall continue to be valid and exercisable and/or vested in accordance with the terms of the grant and original 2018 Share Option Scheme and 2018 Share Award Scheme rules. As at the Latest Practicable Date, an aggregate of 120,700,000 options (pursuant to which a maximum of 120,700,000 Shares may be issued by the Company if fully exercised) remain outstanding under the 2018 Share Option Scheme and an aggregate of 689,360,934 Shares remained unvested under the 2018 Share Award Scheme.

Explanation of the terms of the 2023 Share Scheme

Please see the Appendix III to this circular for:

- (a) a summary of the principal terms of the 2023 Share Scheme. This summary serves as an overview of these terms and does not constitute the full reproduction of the terms or a comprehensive list of all the rules under the 2023 Share Scheme; and
- (b) *in italics and as notes to the summary*, the views of the Directors and Remuneration Committee to the Board as to the appropriateness and reasonableness of particular terms and how they align with the purpose of the 2023 Share Scheme.

Document on display

A copy of the rules of the 2023 Share Scheme will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the AGM and the rules of the 2023 Share Scheme will be made available for inspection at the AGM.

LETTER FROM THE BOARD

6. AGM AND PROXY ARRANGEMENT

The notice of the AGM is set out on pages 31 to 34 of this circular. At the AGM, resolutions will be proposed to approve, among others, the granting of the Share Repurchase Mandate and the Share Issue Mandate, the extension of the Share Issue Mandate by the addition thereto of the number of Shares repurchased pursuant to the Share Repurchase Mandate, the re-election of the retiring Directors and the adoption of the 2023 Share Scheme.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the AGM. An announcement on the poll results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Company is controlled through weighted voting rights. Holders of Class B Shares present in person (in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote per Share. Holders of Class A Shares present in person (in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have ten votes per Share (i.e. resolutions 1, 2, 5, 7 to 11 in the notice of the AGM), save for resolutions with respect to any Reserved Matters, in which case they shall have one vote per Share (i.e. resolutions 3, 4 and 6, regarding the proposed re-election of independent non-executive Directors and re-appointment of auditor, in the notice of the AGM). Holders of Class B Shares and Class A Shares shall at all times vote together as one class.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.mi.com). Whether or not you are able to attend the AGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority, to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM (i.e. not later than 2:00 p.m. on June 6, 2023) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM if you so wish and in such event, your proxy form shall be deemed to be revoked.

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

8. RECOMMENDATION

The Directors consider that the granting of the Share Repurchase Mandate, the granting of the Share Issue Mandate and the extension of the Share Issue Mandate, the re-election of the retiring Directors and the adoption of the 2023 Share Scheme are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular: Appendix I — Explanatory Statement on the Share Repurchase Mandate, Appendix II — Details of the Retiring Directors Proposed to be Re-elected at the AGM; and Appendix III — Summary of the Principal Terms of the 2023 Share Scheme.

Yours faithfully,
By order of the Board
Xiaomi Corporation
Lei Jun
Chairman of the Board

The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Share Repurchase Mandate.

1. REASONS FOR REPURCHASE OF SHARES

The Directors believe that the granting of the Share Repurchase Mandate is in the interests of the Company and the Shareholders as a whole.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Share Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 24,985,209,843 Shares, out of which 4,585,909,150 were Class A Shares and 20,399,300,693 were Class B Shares.

Subject to the passing of the ordinary resolution set out in item 7 of the notice of the AGM in respect of the granting of the Share Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged as at the date of the AGM, i.e. being 24,985,209,843 Shares, the Directors would be authorized under the Share Repurchase Mandate to repurchase, during the period in which the Share Repurchase Mandate remains in force, up to a maximum of 2,498,520,984 Shares, representing 10% of the total number of issued Shares in issue as at the date of the AGM.

3. FUNDING OF REPURCHASES

Repurchases of Shares will be funded from the Company's internal resources, which shall be funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules, the applicable laws of the Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended December 31, 2022) in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (as defined under the Takeovers Code) could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, the WVR Beneficiaries were Lei Jun and Lin Bin. Lei Jun is deemed to be interested in 4,130,113,915 Class A Shares and 1,924,065,723 Class B Shares, representing approximately 65.2% of the voting rights in the Company; and Lin Bin is deemed to be interested in 455,795,235 Class A Shares and 1,884,124,975 Class B Shares, representing approximately 9.7% of the voting rights in the Company. Pursuant to Rule 8A.15 of the Listing Rules, in the event that the Directors exercise the Share Repurchase Mandate, the WVR Beneficiaries must reduce their weighted voting rights in the Company proportionately through conversion of a proportion of their shareholding into Class B Shares, if the reduction in the number of Shares in issue would otherwise result in an increase in the proportion of Class A Shares. As such, to the best knowledge and belief of the Directors, the exercise of the Share Repurchase Mandate is not expected to give rise to an obligation of Lei Jun and Lin Bin to make a mandatory offer under the Takeovers Code. The Directors have no present intention to repurchase the Shares to the extent that will trigger the obligations under the Takeovers Code to make a mandatory offer. The Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any purchase by the Company of its Shares.

In addition, the Directors do not propose to repurchase Shares which would result in less than the relevant prescribed minimum percentage of Shares in public hands as required by the Stock Exchange.

6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which the Class B Shares have been traded on the Stock Exchange during each of the previous twelve months up to and including the Latest Practicable Date were as follows:

Month	Price per Share	
	Highest HK\$	Lowest HK\$
2022		
May	12.14	10.30
June	14.54	11.26
July	14.28	12.26
August	12.52	10.82
September	11.64	8.67
October	9.49	8.31
November	11.00	8.88
December	11.54	10.06
2023		
January	13.78	10.54
February	14.10	11.64
March	12.84	10.76
April	12.76	10.80
May (up to the Latest Practicable Date)	11.38	10.64

8. REPURCHASES OF SHARES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company has repurchased its Class B Shares on the Stock Exchange as follows:

Date of Repurchase	No. of Class B Shares Repurchased	Highest Price per Share	Lowest Price per Share
		HK\$	HK\$
December 7, 2022	2,300,000	10.76	10.7
December 12, 2022	2,200,000	11.16	11.1
December 15, 2022	2,300,000	10.98	10.9
December 19, 2022	2,300,000	10.74	10.72
December 20, 2022	2,300,000	10.54	10.46
December 23, 2022	2,300,000	10.86	10.82
December 29, 2022	2,300,000	10.86	10.8
	<u>16,000,000</u>		

Pursuant to the Listing Rules, the details of the Directors, who will retire and being eligible, offer themselves for re-election at the AGM, are provided below.

(1) **LIU QIN**

Position and experience

Liu Qin (“**Mr. Liu Qin**”), former name: Liu Ya, aged 50, is a non-executive Director and a member of the Audit Committee. Liu Qin became a Director of the Company in May 2010, and he currently holds directorships in various subsidiaries of the Company. Mr. Liu Qin co-founded and has served as managing director of 5Y Capital (formerly known as Morningside Venture Capital Limited) since June 2007. The funds under 5Y Capital’s management had been the earliest investors of the Group. Before co-founding 5Y Capital, Mr. Liu Qin served various roles including as a business development director for investment at Morningside IT Management Services (Shanghai) Co. Ltd. (晨興信息科技諮詢(上海)有限公司) from July 2000 to November 2008. Since June 2008, Mr. Liu Qin has been a director of JOYY Inc. (NASDAQ ticker: YY). Since December 2014, Mr. Liu Qin has been a director of Agora, Inc. (NASDAQ ticker: API). Mr. Liu Qin has also served as a non-executive director of XPeng Inc. (NYSE ticker: XPEV, SEHK stock code: 9868) since September 12, 2019.

Mr. Liu Qin received a Bachelor’s degree in Industrial Electrical Automation from University of Science and Technology Beijing (北京科技大學) in July 1993, and a Master of Business Administration from China Europe International Business School (中歐國際工商學院) on April 22, 2000.

Save as disclosed above, Mr. Liu Qin has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Mr. Liu Qin entered into an appointment letter with the Company on June 10, 2021 pursuant to which he agreed to act as a non-executive Director for a period of three years, be automatically renewed for successive periods of three years. He is also subject to retirement and re-election at annual general meeting of the Company in accordance with the Articles of Association.

Relationships

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Liu Qin does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Liu Qin was deemed to be interested in a total of 184,466,373 Class B Shares, representing approximately 0.74% of the issued share capital of the Company. Mr. Liu Qin is entitled to exercise or control the exercise of one-third of the voting power at general meetings of TMT General Partner Ltd. and is therefore deemed to be interested in 7 Class B Shares in which TMT General Partner Ltd. is interested. TMT General Partner Ltd. controls Morningside China TMT GP, L.P., which controls Morningside China TMT Fund I, L.P. (the “**Morningside Funds**”). Consequently, TMT General Partner Ltd. is deemed to be interested in the Shares in which the Morningside Funds have an interest. Liu Qin is deemed to be interested in 184,466,366 Class B Shares held by an entity controlled by the trustee of a discretionary trust, of which Liu Qin is a founder of the discretionary trust, under the SFO.

Save as disclosed above, Mr. Liu Qin was not interested or deemed to be interested in any Shares or underlying Shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Director’s emoluments

Mr. Liu Qin is not entitled to receive any annual director’s fee from the Company.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Liu Qin to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Liu Qin that need to be brought to the attention of the Shareholders.

(2) CHEN DONGSHENG*Position and experience*

Chen Dongsheng (“**Dr. Chen**”), aged 65, has served as an independent non-executive Director since June 2018. He also currently serves the chairman of both the Remuneration Committee and the Corporate Governance Committee, and a member of the Audit Committee. Dr. Chen founded Taikang Insurance Group Inc. (泰康保險集團股份有限公司) (formerly known as Taikang Life Insurance Co., Ltd (泰康人壽保險股份有限公司)) (“**Taikang**”) in 1996. He serves the chairman and CEO of Taikang and holds various directorships within the Taikang group. Prior to this, Dr. Chen served as the chairman and the general manager of China Guardian Auctions Co., Ltd (中國嘉德國際拍賣有限公司) from May 1993. Prior to this, Dr. Chen worked as the deputy editor of the Management World (monthly), published by the Development Research Center of the State Council of China.

Dr. Chen has accumulated extensive corporate governance experience during his leadership in the Taikang group, as he oversaw the reform and optimization of the group’s corporate governance structure. Key corporate governance initiatives implemented during Dr. Chen’s tenure include (i) formalizing the structure, functions and accountability of the corporate governance bodies within the Taikang group, (ii) introducing board executive, audit, nomination and remuneration committees, the members of which are selected by election, and (iii) appointing independent directors.

Dr. Chen received a Bachelor's degree in Political Economics in July 1983, and a PhD in Political Economics in January 1999, both from Wuhan University (武漢大學).

Save as disclosed above, Dr. Chen has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Dr. Chen entered into an appointment letter with the Company on June 10, 2021 pursuant to which he agreed to act as an independent non-executive Director, the chairman of the Remuneration Committee, the chairman of the Corporate Governance Committee and a member of the Audit Committee for a period of three years, be automatically renewed for successive periods of three years. He is also subject to retirement by rotation and re-election at least once every three years in accordance with the Articles of Association.

Relationships

As far as the Directors are aware, as at the Latest Practicable Date, Dr. Chen does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As far as the Directors are aware, as at the Latest Practicable Date, Dr. Chen was deemed to be interested in a total of 2,443,200 Class B Shares in which Taikang Asset Management (Hong Kong) Company Limited is interested, representing approximately 0.01% of the issued share capital of the Company. Taikang Asset Management (Hong Kong) Company Limited is wholly-owned by Taikang Asset Management Company Limited, which is controlled by Dr. Chen.

Save as disclosed above, Dr. Chen was not interested or deemed to be interested in any Shares or underlying Shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the aforesaid appointment letter, Dr. Chen is entitled to receive an annual director's fee of HK\$600,000.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Dr. Chen to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Dr. Chen that need to be brought to the attention of the Shareholders.

(3) WONG SHUN TAK

Position and experience

Wong Shun Tak (“**Mr. Wong**”), aged 62, currently serves as an independent non-executive Director, the chairman of the Audit Committee, and a member of the Remuneration Committee, Corporate Governance Committee and Nomination Committee. In 2014, Mr. Wong co-founded and had concurrently served as the CFO of Rokid Corporation Ltd. Mr. Wong has served as the independent non-executive director, chairman of the nomination committee, chairman of the remuneration committee and member of the audit committee of Kingsoft Corporation Limited (SEHK Stock Code: 3888) since July 2014. Mr. Wong served as an executive director and CFO of Kingsoft Corporation Limited (SEHK Stock Code: 3888) from October 2011 to July 2012, and also acted as an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Kingsoft Corporation Limited (SEHK Stock Code: 3888) from April 2007 to September 2011. Mr. Wong has served as an independent non-executive director and the chairman of the audit committee of the Company since June 2018. Mr. Wong currently serves as an independent non-executive director of several subsidiaries of the Company.

Mr. Wong served as vice president of finance and corporate controller of Alibaba Group Holding Ltd (NYSE ticker: BABA; SEHK Stock Code: 9988) from August 2007 to September 2011. During his service with Alibaba Group, he also acted as the chairman of Group Financial Control Committee of Alibaba Group.

Mr. Wong served as the CFO of Goodbaby Children Products Group (“**Goodbaby**”) from August 2003 to August 2007, a leading juvenile product manufacturer in China. Before joining Goodbaby, Mr. Wong worked as the vice president of finance in IDT International Limited (SEHK Stock Code: 167) from September 2001 to July 2003.

In the past, Mr. Wong held key financial management positions in various multi-nationals companies, including as the financial controller of AMF Bowling, Inc. from November 1996 to March 1998 and International Distillers China Ltd. from December 1993 to October 1996. Mr. Wong has extensive experience in financial control, operations, strategic planning and implementation, private fund investments and exit strategies.

Mr. Wong received a Master’s degree in Finance from the University of Lancaster in the United Kingdom and a Master’s degree in Accounting from Charles Stuart University in Australia. He is also a fellow CPA member of the Hong Kong Institute of Certified Public Accountants and a fellow CPA member of Australian Society of CPAs.

Save as disclosed above, Mr. Wong has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Mr. Wong entered into an appointment letter with the Company on June 10, 2021 pursuant to which he agreed to act as an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Corporate Governance Committee for a period of three years, be automatically renewed for successive periods of three years. He is also subject to retirement by rotation and re-election at least once every three years in accordance with the Articles of Association.

Relationships

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Wong does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Wong was not interested or deemed to be interested in any Shares or underlying Shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the aforesaid appointment letter, Mr. Wong is entitled to receive an annual director's fee of HK\$600,000.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Wong to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Wong that need to be brought to the attention of the Shareholders.

The following is a summary of the principal terms of the Scheme Rules to be considered and approved by Shareholders at the AGM. It does not form part of, nor is it intended to be part of, the Scheme Rules. The Directors reserve the right at any time prior to the AGM to make amendments to the 2023 Share Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspect with the summary set out in this Appendix.

Purpose: The purpose of this scheme is to provide the Company with a flexible means of, attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits Eligible Participants through aligning the interests of Eligible Participants with those of the Company and Shareholders by providing them with an opportunity to acquire proprietary interests in the Company and become Shareholders, and thereby, encouraging Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

Awards: An award may take the form of a Share Option or a Share Award, and which shall be funded by Award Shares.

Scheme administration: The 2023 Share Scheme shall be administered by the Scheme Administrator, being either the Board and/or any committee of the Board or other person to whom the Board has delegated its authority to administer the 2023 Share Scheme.

Eligible participants: Eligible Participants are determined by the Scheme Administrator from time to time to be eligible to participate as grantees under the 2023 Share Scheme, and shall fall under one or more of the below categories:

- (a) **Employee Participant**, being any person who is an employee (whether full-time or part-time or other employment relationship), director or officer of any member of the Group on the Grant Date.
- (b) **Related Entity Participant**, being an employee (whether full-time or part-time or other employment relationship), director or officer of the following: a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as defined in the SFO) other than the Group; or an “associate company” of the Company (as defined in the Listing Rules).

- (c) ***Service Provider Participant***, being a person who provides services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Scheme Administrator pursuant to the below criteria:

Category	Eligibility criteria for Service Provider Participant
(i) Service providers	Outsourced staff engaged by the Group that provides services which are material and relevant to the Group's operations (including but not limited to information technology support, customer services and retail store supports) on a regular or recurring basis.
(ii) Consultants	Those that (a) provide consultancy services material and relevant to the Group's operations (including but not limited to services in recruitment, tax, research and development, market advisory services); (b) engage with the Group on a regular or recurring basis; and (c) have specialties or expertise in areas that supplement the Group or with which the Group would consider important to maintain a close business relationship on an ongoing basis.
(iii) Suppliers	Those that supply the Group with goods on a regular or recurring basis, with which the Group would consider important to maintain a close business relationship on an ongoing basis, and in turn, it would be beneficial to the Group's business relationship to grant such supplier with proprietary ownership in the Company and to encourage the supplier to have a vested shareholding interest in the Group and in the Group's future development.
(iv) Agents and contractors	Those that provide important services to the Group on a regular or recurring basis with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis, that in turn, it would be beneficial to the collaboration between the Group and the agents and/or contractors to grant such agents and/or contractors proprietary ownership in the Company and to encourage the agents and/or contractors to have a vested shareholding interest in the Group and the Group's future development.

Additional criteria for determining the eligibility of a Service Provider Participant

Where a service provider qualifies for one of the above service provider types and meets the initial eligibility criteria to fall within the above categories, the below will be considered:

Whether one qualifies as a Service Provider Participant: Whether a potential service provider will be eligible to qualify as a Service Provider Participant will be determined by the Scheme Administrator based on qualitative and quantitative performance indicators to be on a case-by-case basis in accordance with the above eligibility criteria.

Whether a service provider provides services to the Group on a continuing basis: In assessing whether a service provider provides services to the Group on a continuing basis, the Scheme Administrator will take into account factors such as: (i) length and type of services provided or will be provided to the Group, recurrence and regularity of such services; (ii) how the selection metrics benchmark against comparable metrics used to determine other eligible participants who have been granted awards under the Company's share incentive plans; (iii) the Group's objectives in engaging the service provider and how granting awards to the service provider would align with the purpose of the 2023 Share Scheme or benefit the Group; and (iv) remuneration packages of comparable listed peers with respect to similar service providers, if any, based on available industry information.

Note:

The Directors (including the independent non-executive Directors) consider the proposed categories of Related Entity Participant and Service Provider Participant to be in line with industry norms and that the proposed scope for "Eligible Participants" (including the selection of Eligible Participants) to be appropriate and aligns with the purpose of the 2023 Share Scheme. In particular:

- (a) Related Entity Participants will have a sufficiently close relationship with the Group and would likely be in a position to influence the Group's business, reputation, operations and performance;*
- (b) Service Provider Participants are those service provider sub-categories that the Company considers to be particularly important to the success of the Group's business and future development, including (i) by contributing to the Group's operations and business structure/model (e.g., through the expertise and contribution information technology support, customer services and retails store supports); and (ii) would enable the Group to preserve its cash resources, and instead, use share incentives to attract persons of talent outside of the Group, whilst also aligning their interests with that of the Group and Shareholders through them owning a proprietary interest in the Company and becoming future Shareholders;*

- (c) *this scope is consistent with scope of grantees approved by the Company under past share schemes, as well as, to the best knowledge of the Directors, the practices of peer companies that operate in similar or comparable industries to that of the Group or other companies listed in Hong Kong and their remuneration or compensation packages,*

and accordingly, the Directors (including the independent non-executive Directors) consider it appropriate to enhance the long-term relationship with these Eligible Participants by aligning their interests with that of the Company and Shareholders. Based on the above, the Directors (including the independent non-executive Directors) believe that the proposed scope for “Eligible Participants” is in line with the purpose of the 2023 Share Scheme.

**Scheme
Mandate
Limit and
Service
Provider
Sublimit:**

Scheme Mandate Limit:

The total number of Shares that may be issued pursuant to all Awards to be granted under the 2023 Share Scheme and awards to be granted under any other share schemes of the Company is (the “**Scheme Mandate Limit**”):

- (a) initially set at 10% of the Shares in issue as at the Adoption Date, being 2,498,520,984 Shares (assuming that there are no changes to the Company’s issued share capital between the date of this circular and the AGM); and
- (b) may be subsequently refreshed in accordance with the Scheme Rules and the Listing Rules, as further approved by Shareholders at general meeting.

Award Shares underlying Awards which have lapsed in accordance with the terms of the Scheme Rules (or the terms of any other share schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Service Provider Sublimit:

Within the Scheme Mandate Limit, the total number of Shares that may be issued pursuant to all Awards to be granted to Service Provider Participants under the 2023 Share Scheme is (the “**Service Provider Sublimit**”):

- (a) initially set at up to 0.5% of the Shares in issue as at the Adoption Date (representing up to 5% of the Scheme Mandate Limit), being 124,926,049 Shares (assuming that there are no changes to the Company’s issued share capital between the date of this circular and the AGM); and
- (b) may be subsequently refreshed in accordance with the Scheme Rules and the Listing Rules, as further approved by Shareholders at general meeting.

Note:

The Service Provider Sublimit is determined based on the maximum possible number of Award Shares that the Company intends to grant to Service Provider Participants and the Company's future business and development plan. The Directors (including the independent non-executive Directors) consider the Service Provider Sublimit to be appropriate and reasonable given the nature of the industries in which the Group operates and the Group's current and future business needs, and takes into account:

- (i) the rationale behind the scope and eligibility criteria of Service Provider Participants, as detailed above;*
- (ii) the awards granted to service provider participants under the past share schemes;*
- (iii) that this sublimit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or directors of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2023 Share Scheme;*
- (iv) the fact that this sublimit represents a maximum limit and that the Company retains the flexibility to allocate Award Shares from this sublimit to satisfy Awards to other Eligible Participants depending on business growth and needs in the future as and when appropriate. For example, where the Company considers that the business needs of the Group at a future point in time suggests that the full Service Provider Sublimit is no longer needed for Service Provider Participants and that it would be more appropriate and beneficial to serve the purpose of the 2023 Scheme to allocate a portion of the Award Shares under this sublimit to other Eligible Participants; and*
- (v) the service provider sublimits (as a percentage of the scheme mandate limit) proposed or adopted by other companies listed on the Stock Exchange.*

**Refreshing the
scheme limit
and sublimit:**

The Company may refresh the Scheme Mandate Limit and/or the Service Provider Sublimit, as currently in place from time to time, with the approval of Shareholders at general meeting and in accordance with New Chapter 17 (namely, Listing Rule 17.03C). Any “refreshment” within any three year period, to the extent required by the Listing Rules, shall be approved by Shareholders and subject to the following:

- (a) any controlling shareholder and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company will comply with applicable Listing Rules in relation to such refreshment, including Listing Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 (relating to, among others, special requirements for general meetings in respect of transactions that are subject to independent Shareholders' approval and abstentions from voting).

Maximum entitlement of each Eligible Participant: There is no specific maximum entitlement for each Eligible Participant under the 2023 Share Scheme. Grants to individuals that exceed the thresholds set out in the New Chapter 17 will be subject to additional approval requirements as required under the New Chapter 17.

Further approval requirements: Any Award granted to a Director, chief executive of the Company or substantial shareholder of the Company, or any of their respective associates requires approval from the independent non-executive Directors (other than the independent non-executive Director who is the grantee). The Corporate Governance Committee shall make a recommendation on any grants of options or awards to a Director who is a WVR Beneficiary.

Additionally, Awards granted to any individual Eligible Participant may be subject to further approval requirements (namely, further approval by Shareholders and/or approval by the remuneration committee to the Board and independent Directors), as required and in accordance with New Chapter 17, and namely, Listing Rules 17.03D and 17.04, and includes:

	Grantee	Threshold triggering additional approval	Additional approval
(a)	Independent non-executive Director, substantial shareholder of the Company, or their associates	Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2023 Share Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 0.1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, their associates, and all core connected persons of the Company abstaining from the vote, and Listing Rules 13.40 to 13.42 must be complied with).
(b)	Other Directors, chief executive of the Company, or their respective associates	Where the Shares issued and to be issued under all Share Awards (not Share Options) granted to the individual grantee (excluding Share Awards lapsed under the 2023 Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 0.1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, their associates, and all core connected persons of the Company abstaining from the vote, and Listing Rules 13.40 to 13.42 must be complied with).

	Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2023 Share Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, and their close associates, or where the grantee is a connected person, their associates abstaining from the vote).
(c) Other Eligible Participants	Where the Shares issued and to be issued under all Awards granted to the individual grantee (excluding Awards lapsed under the 2023 Share Scheme) within any 12-month period (including the date of the latest grant) represent in aggregate over 1% of the Shares in issue.	Requires approval from Shareholders at general meeting (with the grantee, and their close associates, or where the grantee is a connected person, their associates abstaining from the vote).
Acceptance:	The Scheme Administrator may determine in their absolute discretion the amount (if any) payable on application or acceptance of an Award and the period within which any such payments must be made, and such amounts (if any) and periods shall be set out in the Award Letter. Unless otherwise specified in the Award Letter, the Grantee shall have 10 Business Days from the Grant Date to accept the Award, following which, the portion not accepted by the Grantee shall automatically lapse.	
Issue price and exercise price:	The Scheme Administrator may determine in their absolute discretion the Issue Price for the exercise of Share Awards and/or the Exercise Price for Share Options for Awards in the form of Share Awards and/or Share Option (as the case may be) and such prices shall be set out in the Award Letter. However, the Exercise Price for Share Options shall be no less than the higher of: (a) the closing price of the Shares on the Grant Date; and (b) the average closing price of the Shares for the five Business Days immediately preceding the Grant Date.	

Note:

The above flexibility allows the Company to control the costs incurred by the Company from the grant of Awards under the 2023 Share Scheme by correlating the Exercise Price for Share Options with prevailing market prices at the time of grant (particularly considering that timing of when the Share Options will be exercised are within the discretion of the grantee and is typically made with reference to the difference between Exercise Price and prevailing market prices at the time of exercise) and the Company reserving the discretion to determine the Issue Price, if any, on an individual basis taking into account the nature and degree of value benefiting the Group from granting Awards to such grantee, which is aligned with the purpose of the 2023 Share Scheme (particularly considering that Share Awards typically do not involve the same degree of exercise procedure and discretion on the part of the grantee as with Share Options).

Exercise period: The Scheme Administrator may determine in its absolute discretion the Exercise Period for any award of Share Options and/or Share Awards and such period shall be set out in the Award Letter. However, the Exercise Period for any award of Share Options shall not be longer than 10 years from the Grant Date.

Vesting period: The Scheme Administrator may determine the vesting period and specify such period in the Award Letter. The vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the Scheme Rules. These circumstances may only apply to Employee Participants and are consistent with the scenarios contemplated in FAQ 092-2022 issued by the Stock Exchange, including:

- (a) grants of “make whole” Awards to a new Employee Participant to replace the awards that the Employee Participant forfeited when leaving their previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Awards that are subject to the fulfilment of performance targets as determined in the conditions of the Grantee’s grant;
- (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;

- (e) grants of Awards with a mixed vesting schedule such that the Award vests evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

Note:

The Directors and the Remuneration Committee to the Board are of the view that the vesting period (including the circumstances in which a shorter vesting period may apply), as detailed above, enables the Company to offer competitive remuneration and reward packages to Employee Participants, on an ad hoc basis, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules and the former practice of the Company and peer companies in the Group's industry. Accordingly, the above vesting period is considered appropriate and aligns with the purpose of the 2023 Share Scheme.

**Performance
targets:**

The Scheme Administrator may set performance criteria/targets in the Award Letter in respect of Awards granted based on, among others, transaction milestones, business or financial performance results, individual performance appraisal and/or contribution to the Group, and as evaluated by the Group over a specified evaluation period.

Note:

The Directors consider that it is not practicable to expressly set out a generic set of performance targets in the 2023 Share Scheme, since each Grantee has a different position/role with respect to the Group and will contribute differently to the Group in both nature, duration and significance. The Scheme Administrator will have regard to the purpose of the 2023 Share Scheme in making such determinations, with performance targets generally being in line with common key performance indicators in the industry of the Group, such as quantitative performance targets to be achieved, the Grantee's background/experience, qualitative contributions made or potentially to be made to the Group, and broader audit result trends, subject to amendments or adjustments as the Scheme Administrator deem appropriate.

**Voting and
Dividend
Rights:**

Awards do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award unless and until the Shares underlying an Award are delivered to the Grantee pursuant to the vesting and exercise of such Award.

Clawback: Where certain events specified in the Scheme Rules arises, the Board may determine that, with respect to a Grantee, Awards granted but not yet exercised shall immediately lapse, and with respect to any Shares delivered or amount paid to the Grantee, the Grantee be required to transfer the same value, whether in Shares and/or cash, back to our Company (or nominee). These circumstances are:

- (a) the Grantee ceasing to be an Eligible Participant by reason of termination for cause or without notice, or as a result of being charged/penalised/convicted of an offence involving the Grantee's integrity or honesty;
- (b) the Grantee commits a serious misconduct or breach, including with respect to a policy or code of or other agreement with the Group, which is considered to be material; or
- (c) the Award to the Grantee will no longer be appropriate and aligned with the purpose of the 2023 Share Scheme.

Note:

The Directors are of the view that the above clawback mechanism enables the Company to clawback awards (or the award shares underlying such awards) received by those Grantees that have, for example, seriously violated the policies of the Group, put the Group into disrepute, adversely harmed the Group, or otherwise exposed the Group to significant risk. In these circumstances, the Company would not consider it in the Company or Shareholders' best interests to incentivise them with proprietary interests of the Company under the 2023 Share Scheme, nor would the Company consider such Grantees benefiting under the 2023 Share Scheme to align with the purpose of this scheme. As such, the Company considers this clawback mechanism appropriate and reasonable.

Lapse of awards: The Award shall lapse automatically upon the following events:

- (a) the expiry of any Exercise Period;
- (b) the clawback mechanism being triggered;
- (c) the expiry of any of the periods for accepting or exercising the Award;
- (d) the Grantee breaching the rule against transferring the Awards; and
- (e) the Grantee forfeiting the Award.

Cancellation of Awards: The Scheme Administrator may cancel an award with the prior consent of the Grantee.

Where the Company cancels an Award granted to an Eligible Participant and makes a new grant to the same Eligible Participant, such new grant may only be made under the 2023 Share Scheme with available Scheme Mandate Limit approved by Shareholders as referred to in Listing Rules 17.03B or 17.03C. The Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

Term of 2023 Share Scheme:	10 years commencing on the Adoption Date unless terminated earlier.
Amendment:	<p>The Scheme Administrator may amend the 2023 Share Scheme or an Award granted under the 2023 Share Scheme, provided that:</p> <ul style="list-style-type: none"> (a) the amendment must comply with New Chapter 17; and (b) Shareholders' approval at general meeting is required for the following: <ul style="list-style-type: none"> (i) any amendment or alteration to the terms and conditions of the 2023 Share Scheme that is of a material nature or any amendment or alteration to those provisions that relate to the matters set out in Listing Rule 17.03 to the advantage of Eligible Participants; (ii) any change to the authority of the Board or the Scheme Administrator to alter the terms of the 2023 Share Scheme; and (c) any amendment or alteration to the terms of an Award the grant of which was subject to the approval of a particular body shall be subject to approval by that same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under existing terms of the 2023 Share Scheme.
Termination:	The 2023 Share Scheme shall terminate on the earlier of: (a) the 10th anniversary of the Adoption Date; and (b) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights in respect of the Awards already granted to Eligible Participants.
Restrictions on Awards and transferability:	<p>Awards do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. Awards shall be personal to the Grantee and shall not be assignable or transferrable, except where a waiver has been granted by the Stock Exchange with respect to the proposed transfer, and such transfer has been made in compliance with the Listing Rules and with the consent of the Company. Following such transfer, the transferee shall be bound by the Scheme Rules and Award Letter as if the transferee was the Grantee.</p> <p>No Award shall be granted to any Eligible Participant during the following time periods:</p> <ul style="list-style-type: none"> (a) in circumstances prohibited by the Listing Rules or at a time when the relevant Eligible Participant would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix 10 to the Listing Rules) or by any other applicable rule, regulation or law;

- (b) where the Company is in possession of any unpublished inside information in relation to the Company, until (and including) the trading day after such inside information has been announced; and
- (c) during the periods commencing one month immediately before the earlier of: (x) the date of the board meeting for approving the Company's results for any year or interim (including quarterly) period, and (y) the deadline for the Company to announce such results, and ending on (and including) the date of the results announcement publication, provided that such period will also cover any period of delay in the publication of any results announcement.

**Alternations in
share capital
or corporate
transactions:**

If there is an event of change in control of the Company as the result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Scheme Administrator shall at its sole discretion determine whether the Vesting Dates of any Awards will be accelerated and/or the vesting conditions or criteria of any Awards will be amended or waived, and notify the Grantees accordingly.

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than as a result of an issue of Shares as consideration in a transaction) after the Adoption Date, the Scheme Administrator shall make such corresponding adjustments as the Scheme Administrator in its discretion may deem appropriate to reflect such change with respect to:

- (a) the number of Shares comprising the Scheme Mandate Limit or Service Provider Sublimit, provided that in the event of any Share subdivision or consolidation the Scheme Mandate Limit and Service Provider Sublimit as a percentage of the total issued Shares at the date immediately before any consolidation or subdivision shall be the same on the date immediately after such consolidation or subdivision;
- (b) the number of Shares comprised in each Award to the extent any Award has not been exercised; and
- (c) the Exercise Price of any Share Option or Issue Price of any Share Award,

or any combination thereof, as the auditors or a financial advisor engaged by the Company for such purpose have certified to the Directors in writing that the adjustments satisfy the relevant requirements of the Listing Rules and are, in their opinion, fair and reasonable either generally or as regards any particular Grantee, *provided always* that: (i) such adjustment should give each Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled prior to such adjustments; and (ii) no such adjustments shall be made which would result in a Share being issued at less than its nominal value. The capacity of the auditors or financial advisor (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

NOTICE OF THE ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the annual general meeting of Xiaomi Corporation (the “**Company**”) will be held at Xiaomi Campus, Anningzhuang Road, Haidian District, Beijing, The People’s Republic of China on Thursday, June 8, 2023 at 2:00 p.m. for the following purposes:

1. To receive the audited consolidated financial statements of the Company and the reports of the directors (the “**Director(s)**”) and the auditor of the Company for the year ended December 31, 2022;
2. To re-elect Liu Qin as a non-executive Director;
3. To re-elect Chen Dongsheng as an independent non-executive Director;
4. To re-elect Wong Shun Tak as an independent non-executive Director;
5. To authorize the board of Directors to fix the respective Directors’ remuneration;
6. To re-appoint PricewaterhouseCoopers as auditor of the Company and to authorize the board of Directors to fix its remuneration;
7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited or on another stock exchange recognized by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing this resolution (subject to adjustment in the case of any consolidation or subdivision of the shares of the Company after the passing of this resolution) and the said approval shall be limited accordingly; and

NOTICE OF THE ANNUAL GENERAL MEETING

- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) revoked or varied by ordinary resolution of the shareholders in general meeting.”
- 8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued class B ordinary shares in the share capital of the Company (the “**Class B Shares**”) or securities convertible into Class B Shares, or options, warrants or similar rights to subscribe for Class B Shares or such convertible securities of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Class B Shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) above, otherwise than by way of Rights Issue (as defined below) or pursuant to the exercise of any subscription rights attaching to any securities which may be allotted and issued by the Company from time to time or, pursuant to the exercise of any options which may be granted or the allotment and issue of Class B Shares in lieu of the whole or part of a dividend on Class B Shares in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal value of the shares of the Company in issue as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of the shares of the Company after the passing of this resolution and the said approval shall be limited accordingly) excluding any (A) Class B Shares to be issued pursuant to (i) the exercise of share options which have been granted under the Pre-IPO ESOP (as defined below), (ii) exercise of share options which have been or may be granted under the Post-IPO Share Option Scheme (as defined below), (iii) awards granted under the Share Award Scheme (as defined below) and (B) Class B Shares to be issued upon conversion of Class A ordinary shares in the share capital of the Company into Class B Shares on a one to one basis;

NOTICE OF THE ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“Pre-IPO ESOP” means the pre-IPO employee stock incentive scheme adopted by the Company dated May 5, 2011 and superseded on August 24, 2012 as amended from time to time;

“Post-IPO Share Option Scheme” means the post-IPO share option scheme adopted by the Company on June 17, 2018;

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) revoked or varied by ordinary resolution of the shareholders in general meeting;

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”; and

“Share Award Scheme” means the share award scheme adopted by the Company on June 17, 2018;

9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 7 and 8 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 8 of the Notice be and is hereby extended by the addition to the total number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the total number of shares purchased by the Company pursuant to the general mandate referred to in the resolution set out in item 7 of the Notice, provided that such amount shall not exceed 10% of the total number of the issued shares of the Company in issue as at the date of passing this resolution.”;

NOTICE OF THE ANNUAL GENERAL MEETING

10. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the adoption of the share incentive scheme, named as the 2023 Share Scheme (the “**2023 Share Scheme**”) proposed by the Directors, a copy of which is produced to this meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification, with the Scheme Mandate Limit (as defined in the 2023 Share Scheme) of 10% of the total issued and outstanding Shares as at the date of the Shareholders’ approval of the 2023 Share Scheme, be and is hereby approved and adopted, and the Scheme Administrator (as defined in the 2023 Scheme) be and are hereby authorised to grant the awards (“**Awards**”), and do all such acts and execute all such documents as the Scheme Administrator may consider necessary or expedient in order to give full effect to the 2023 Share Scheme.”; and

11. “**THAT**, conditional upon the passing of ordinary resolution 10, the Service Provider Sublimit (as defined in the 2023 Share Scheme, and which includes grants to Service Provider Participants under any other share schemes of the Company) of 0.5% of the total issued and outstanding Shares as at the date of the Shareholders’ approval of the 2023 Share Scheme be and is hereby approved and adopted.” Ordinary resolution 10 is not conditional upon the passing of ordinary resolution 11, but ordinary resolution 11 is conditional upon the passing of ordinary resolution 10. In the event that ordinary resolution 10 is passed but ordinary resolution 11 is not passed, the Company will adopt the 2023 Share Scheme but the Directors shall alter the 2023 Share Scheme to remove references to the grant of Awards to Service Provider Participants. In the event that ordinary resolution 11 is passed but ordinary resolution 10 is not passed, the 2023 Share Scheme will not be adopted.”.

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

Hong Kong, May 15, 2023

Notes:

- a. Any member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint any number of proxies to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- b. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority, must be deposited at the Company’s share registrar in Hong Kong (i.e. Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong) as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting (i.e. not later than 2:00 p.m. on June 6, 2023) or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the form of proxy shall be deemed to be revoked.
- c. To ascertain shareholders’ eligibility to attend and vote at this meeting, the register of members of the Company will be closed from June 5, 2023, to June 8, 2023 (both days inclusive) during which period no share transfer will be effected. In order to qualify for attending and voting at the annual general meeting, unregistered holders of shares of the Company should ensure that all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong (i.e. Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong), for registration no later than 4:30 p.m., on June 2, 2023.
- d. References to time and dates in this Notice are to Hong Kong time and dates.