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SenseTime Group Inc.

商汤集团股份有限公司

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

(Stock Code: 0020)

ADOPTION OF THE 2022 RSU SCHEME

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The Board is pleased to announce that it has resolved to adopt the 2022 RSU Scheme to, among other things, recognize the contributions by, and to motivate and retain, the Participants. The 2022 RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and no Shareholders' approval is required to adopt the 2022 RSU Scheme. For the avoidance of doubt, the grant of RSUs to a Director and other connected persons of the Company will be subject to compliance with Chapter 14A of the Listing Rules.

2022 RSU SCHEME

The Board is pleased to announce that it has approved the adoption of the 2022 RSU Scheme on June 20, 2022. A summary of the key terms of the 2022 RSU Scheme is set out in this announcement.

SUMMARY OF KEY TERMS OF THE 2022 RSU SCHEME

1. Purposes and Objectives

The purposes of the 2022 RSU Scheme are to (i) recognize the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Participants to maximize the value of the Company for the benefits of both the Participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the Shareholders through ownership of the RSUs.

2. Effectiveness and duration

Subject to any early termination of the 2022 RSU Scheme as described in “11. Alteration and Termination of the 2022 RSU Scheme” below, the 2022 RSU Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which no Awards will be granted, but the provisions of the 2022 RSU Scheme shall in all other respects remain in full force and effect and the Awards granted during the term of the 2022 RSU Scheme may continue to be valid and exercisable in accordance with their respective terms of grant.

3. Scheme Limit

The total number of Class B Shares underlying the 2022 RSU Scheme shall not in aggregate exceed 1,675,370,000 Class B Shares, representing approximately 5% of the total number of the issued share capital of the Company as of the Adoption Date. Without prejudice to the foregoing, the total number of Class B Shares underlying the RSUs to be granted under the 2022 RSU Scheme in any financial year will not exceed 3% of the issued Shares as at the beginning of that financial year.

Any Class B Share covered by an Award (or any portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the scheme limit. Class B Shares that actually have been issued under the 2022 RSU Scheme pursuant to an Award shall not be returned to the 2022 RSU Scheme and shall not become available for future issuance under the 2022 RSU Scheme, except (i) otherwise permitted by the 2022 RSU Scheme; and (ii) that if any unvested Award (or any portion thereof) are repurchased by the Company, any Class B Shares underlying such unvested Award (or any portion thereof) shall become available for future grant under the 2022 RSU Scheme.

The Class B Shares underlying the 2022 RSU Scheme may be issued by the Company pursuant to authorization granted by the Shareholders by way of general or specific mandate(s), and the general or specific mandate(s) may be refreshed from time to time in accordance with the Listing Rules.

The maximum number of Class B Shares which may be awarded to any one Participant under the 2022 RSU Scheme may not exceed one per cent. (1%) of the issued Shares as at the Adoption Date.

4. Administration

The 2022 RSU Scheme shall be subject to the administration of the Board in accordance with the terms and conditions therein, and a trustee may be appointed to assist with the administration and vesting of RSUs granted pursuant to the 2022 RSU Scheme. The trustee will not exercise any voting rights in respect of any Class B Shares held under the trust or as nominee.

The Board shall have the sole and absolute right to, among others, determine the Senior Grantees who will be granted Awards under the 2022 RSU Scheme, the terms and conditions (including the vesting schedule and other terms and conditions (if any)) on which Awards are granted to Senior Grantees and when the RSUs granted to Senior Grantees pursuant to the 2022 RSU Scheme may vest. The Chairman shall have the sole and absolute right to, among others, determine the Junior Grantees who will be granted Awards under the 2022 RSU Scheme, the terms and conditions (including the vesting schedule and other terms and conditions (if any)) on which Awards are granted to Junior Grantees and when the RSUs granted to Junior Grantees pursuant to the 2022 RSU Scheme may vest.

The Administrative Committee may (i) exercise the mandate granted by the Shareholders at general meetings of the Company and direct the Company to allot and issue Class B Shares to the trustee to be held by the trustee to satisfy the RSUs upon vesting; and/or (ii) direct and procure the trustee to receive existing Class B Shares from any Shareholder or purchase existing Class B Shares (either on-market or off-market) to satisfy the RSUs upon vesting. The Company shall procure that sufficient funds are provided to the trustee by whatever means as the Administrative Committee may determine to enable the trustee to satisfy its obligations in connection with the administration of the 2022 RSU Scheme.

5. Grant of Awards

Subject to the terms of the 2022 RSU Scheme, the Board (in the case of Senior Grantees) or the Chairman (in the case of Junior Grantees) shall be entitled at any time during the term of the 2022 RSU Scheme to make a Grant to any Participant, as the Board or the Chairman (as the case may be) may in its absolute discretion determine. The amount of an Award may be determined at the sole and absolute discretion of the Board (in the case of Senior Grantees) or the Chairman (in the case of Junior Grantees) and may differ among selected Participants.

Awards may be granted on such terms and conditions (such as by linking the vesting of the RSU to the attainment or performance of milestones or targets by any member of the Group, the Grantee or any group of Grantees) as the Board (in the case of Senior Grantees) or the Chairman (in the case of Junior Grantees) may determine, provided such terms and conditions shall be consistent with any other terms and conditions of the 2022 RSU Scheme and shall be set out in the notice of grant.

For as long as the Class B Shares are listed on the Stock Exchange, if required by the Stock Exchange or the Listing Rules, the grant of an Award shall be subject to the compliance with the requisite requirements under the Listing Rules or otherwise required by the Stock Exchange.

Restrictions on Grant

No Award may be granted to any Participant:

- (a) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information (within the meaning given under Part XIVA of the SFO, the “**Inside Information**”) which must be disclosed under Part XIVA of the SFO, until such Inside Information has been published on the websites of the Stock Exchange and the Company;
- (b) after any Inside Information in relation to the securities of the Company has occurred or has become the subject of a decision, until such Inside Information has been published;
- (c) within the period commencing 60 days (in the case of annual results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement;
- (d) in any other circumstances where dealings by selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted;
- (e) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of the 2022 RSU Scheme, unless the Board determines otherwise;
- (f) where the Grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its directors; or
- (g) the Grant would result in breach of the scheme limit (as set out in “3. Scheme Limit” above) or other rules of the 2022 RSU Scheme.

6. Vesting

Subject to the terms of the 2022 RSU Scheme and the specific terms and conditions applicable to each Award, the vesting period shall be determined by the Board or the Chairman (as the case may be).

The RSUs which have vested shall be satisfied at the sole and absolute discretion of the Board or the Chairman (as the case may be) within a reasonable period from the vesting date of such RSUs, either by: (a) the Administrative Committee directing and procuring the relevant trustee to transfer the Class B Shares underlying the RSUs to the Grantee in such manner as determined by it from time to time; and/or (b) the Administrative Committee directing and procuring the trustee to pay to the Grantee in cash an amount which is equivalent to the market value of the Class B Shares.

In the event a general offer for Shares (whether by way of voluntary offer, takeover, scheme of arrangement or otherwise) is made to all holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror), the Board may, prior to or immediately upon the offer becoming or being declared unconditional, determine at its absolute discretion whether any RSU shall vest. If the Board determines that such RSU shall vest, it shall notify the Grantee and the Company that the RSU shall vest and the period within which such RSU shall vest. In the absence of such determination by the Board, the RSUs shall continue to vest in accordance with their respective vesting timetable.

7. Transferability

Any RSU granted pursuant to the 2022 RSU Scheme shall be personal to the Grantee and shall not be assignable or transferable, except that the Administrative Committee may, at its sole and absolute discretion, approve the assignment or transfer from a Grantee to a company wholly-owned by him or between two companies both of which are wholly-owned by him, subject to any such terms and conditions the Administrative Committee may consider appropriate.

Notwithstanding the above, no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favor of any other person over or in relation to any RSU or any property held by the trustee on trust for the Grantees, Awards, Shares underlying any Awards or RSUs or any interest or benefits therein.

8. Lapse

The unvested RSUs shall automatically lapse upon the earliest of:

- (a) the date on which the Participant ceases to be an eligible Participant; or
- (b) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (c) the date on which the Grantee commits a breach of the restrictions as set out in the paragraph headed “Transferability” above; or
- (d) the date on which the Participants are found to be an Excluded Person; or
- (e) the date on which it is no longer possible to satisfy any outstanding conditions to vesting; or
- (f) the Board has decided that the unvested RSUs shall not be vested for the Grantee in accordance with the rules of the 2022 RSU Scheme and the terms and conditions as set out in the notice of grant.

9. Voting Rights

The RSUs do not carry any right to vote at general meetings of the Company. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award pursuant to the 2022 RSU Scheme, unless and until such Class B Shares underlying the RSUs are actually transferred to the Grantee upon the vesting of the RSUs. Unless otherwise specified by the Board in its sole and absolute discretion in the notice of grant, the Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Class B Shares underlying an Award or RSU.

10. Reorganization of Capital Structure

In the event of any alteration in the capital structure of the Company, such as capitalization issue, consolidation, sub-division and reduction of the share capital of the Company, the Board may make equitable adjustments that it considers appropriate, at its sole and absolute discretion, including: (a) make arrangements for the grant of substitute RSUs of equivalent fair value to an Award in the purchasing or surviving company; (b) reach such accommodation with the Grantee as it considers appropriate, including the payment of cash compensation to the Grantee equivalent to the fair value to any RSU to the extent not vested; (c) waive any conditions to vesting of any RSU to the extent not already vested; or (d) permit the continuation of an Award in accordance with its original terms.

11. Alteration and Termination of the 2022 RSU Scheme

The terms of the 2022 RSU Scheme may be altered, amended or waived in any respect by the Board provided that such alteration, amendment or waiver shall not affect any subsisting rights of any Grantee thereunder.

The 2022 RSU Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee. For the avoidance of doubt, no further Awards shall be granted after the 2022 RSU Scheme is terminated but in all other respects the provisions of the 2022 RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid.

DEFINITIONS

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

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| “2022 RSU Scheme” | the restricted share unit scheme of the Company adopted by the Board on June 20, 2022 |
| “Administrative Committee” | the committee comprising the Chairman, one senior officer of the human resources department and one senior officer of finance department, as appointed by the Chairman, from time to time |
| “Adoption Date” | June 20, 2022, being the date on which the 2022 RSU Scheme was first adopted by the Board |
| “Award(s)” | an award of RSUs granted to a Participant pursuant to the 2022 RSU Scheme, an award may include, if so specified by the Board in its absolute discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests |
| “Board” | the board of Directors |
| “Chairman” | the chairman of the Board |

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| “Class A Share(s)” | class A ordinary shares of the share capital of the Company with a par value of US\$0.000000025 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to 10 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 of the share capital of the Company with a par value of US\$0.000000025 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings |
| “Company” | SenseTime Group Inc., an exempted company incorporated under the laws of the Cayman Islands with limited liability whose Class B Shares are listed on the Stock Exchange (Stock Code: 0020) |
| “Directors” | the directors of the Company |
| “Excluded Person” | (i) at the time of the proposed grant of an Award, any connected person of the Company other than directors or substantial shareholders of any member of the Group, who did not notify the Company that they were connected person of the Company or (ii) any Participant who is resident in a place where the Award of the RSUs and/or the vesting and transfer of the Shares underlying the vested RSUs pursuant to the terms of the 2022 RSU Scheme is not permitted under the laws and regulations of such place such that in the view of the Board or the Chairman, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant |
| “Grant” | the offer of the grant of an Award made in accordance with the 2022 RSU Scheme |
| “Grantee” | any Participant who accepts a Grant in accordance with the terms of the 2022 RSU Scheme, or (where the context so permits) any person who is entitled to any Award in consequence of the death of the original Grantee |
| “Group” | the Company, its subsidiaries and its consolidated affiliated entities |

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| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Junior Grantee(s)” | any Grantee(s) other than a Senior Grantee |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| “Participants” | includes the following: <ul style="list-style-type: none"> (i) any employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive directors) of any member of the Group; and (ii) any consultant, adviser or agent of any member of the Group who, in the sole opinion of the Board and/or the Chairman has contributed or will contribute to the growth and development of the Group |
| “Reserved Matters” | those matters or resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Memorandum and Articles of Association, being (i) any amendment to the Memorandum and Articles of Association, (ii) the variation of the rights attached to any class of Shares, (iii) the appointment, election or removal of any independent non-executive Director, (iv) the appointment or removal of the Company’s auditors, and (v) the voluntary liquidation or winding-up of the Company |
| “RSU(s)” | restricted share unit(s) conferring the Grantee a conditional right upon vesting of the Award to obtain, as determined by the Board (in the case of Senior Grantee) or the Chairman (in the case of Junior Grantee), either a Class B Share or an equivalent value in cash with reference to the market value of a Class B Share on the date on which such Class B Share is sold as determined by the trustee in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable |
| “Senior Grantee(s)” | a Grantee(s) who is a Director |
| “SFO” | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |

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| “Shareholders” | the holders of the Shares |
| “Share(s)” | the Class A Shares and/or Class B Shares in the share capital of the Company, as the context so requires |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By order of the Board
SenseTime Group Inc.
商汤集团股份有限公司
Dr. Xu Li
Executive Chairman
Chief Executive Office

Hong Kong, June 20, 2022

As at the date of this notice, the Board comprises Dr. Xu Li, Prof. Tang Xiao'ou, Dr. Wang Xiaogang and Mr. Xu Bing as executive Directors; Ms. Fan Yuanyuan as non-executive Director; Prof. Xue Lan, Mr. Lyn Frank Yee Chon and Mr. Li Wei as independent non-executive Directors.