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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 Codes: 0020 (HKD Counter) and 80020 (RMB Counter))

PLACING OF NEW CLASS B SHARES UNDER GENERAL MANDATE

Placing Agents

(in no particular order)



On June 21, 2024 (before trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Placing Agents have conditionally and severally agreed, as the Company's Placing Agents, to procure, on a best effort basis, not less than six Placées to purchase 1,673,446,000 Placing Shares at the Placing Price of HK\$1.20 per Placing Share.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Placing Closing Date, the Placing Shares under the Placing represents (i) approximately 6.45% of the number of issued Class B Shares and approximately 5.00% of the number of issued Shares as at the date of this announcement; and (ii) approximately 6.06% of the number of issued Class B Shares and approximately 4.76% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares to be allotted and issued will be USD41.84.

The Placing Price of HK\$1.20 per Placing Share represents:

- (a) a discount of approximately 9.1% to the closing price of HK\$1.32 per Class B Share as quoted on the Stock Exchange on June 20, 2024, being the Last Trading Day and the date on which the Placing Price is fixed;
- (b) a discount of approximately 12.2% to the average closing price of HK\$1.37 per Class B Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to (but excluding) the Last Trading Day; and
- (c) a premium of approximately 6.2% to the average closing price of HK\$1.13 per Class B Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to (but excluding) the Last Trading Day.

Subject to the Placing Completion and assuming all the Placing Shares are successfully placed, it is expected that the gross proceeds and net proceeds (after deducting the Placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$2,008 million and HK\$1,995 million, respectively. On such basis, the net issue price will be approximately HK\$1.19 per Placing Share.

No Shareholders' approval is required for the Placing and the allotment and issue of the Placing Shares by the Company, as the Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Board by resolution of the Shareholders passed at the AGM held on June 23, 2023, under which the Board may allot and issue up to 6,693,785,000 new Class B Shares (representing 20% of the aggregate number of the issued Shares existing as at the date of the AGM). As at the date of this announcement and immediately prior to the entering into of the Placing Agreement, the Company has not issued any Class B Shares under the General Mandate.

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares on the Stock Exchange.

As the Placing Completion is subject to the Placing Agreement not being terminated, and the fulfilment (or waiver) of a number of conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW CLASS B SHARES UNDER GENERAL MANDATE

On June 21, 2024 (before trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Placing Agents have conditionally and severally agreed, as the Company's Placing Agents, to procure, on a best effort basis, not less than six Placees to purchase 1,673,446,000 Placing Shares at the Placing Price of HK\$1.20 per Placing Share.

PRINCIPAL TERMS OF THE PLACING AGREEMENT

The principal terms of the Placing Agreement are set out below:

Date

June 21, 2024 (before trading hours of the Stock Exchange)

Parties to the Placing Agreement

- (1) the Company; and
- (2) the Placing Agents

Placing Agents

To the best of the Directors' and the Placing Agents' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owner(s) is an Independent Third Party.

Placees

The Placing Agents has conditionally and severally agreed to procure, on a best effort basis, the subscription of the Placing Shares by the Placees who will be independent individual, professional, corporate and/or institutional investors at the Placing Price. The Placees and their respective ultimate beneficial owner(s) (where applicable) shall be Independent Third Parties.

It is expected that the Placing Agent will procure not less than six Placees, and none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Placing Completion.

Number of Placing Shares

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Placing Closing Date, the Placing Shares under the Placing represents (i) approximately 6.45% of the number of existing issued Class B Shares and approximately 5.00% of the number of issued Shares as at the date of this announcement; and (ii) approximately 6.06% of the number of issued Class B Shares and approximately 4.76% of the number of existing issued Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares to be allotted and issued will be USD41.84.

Placing Price

The Placing Price of HK\$1.20 per Placing Share represents:

- (a) a discount of approximately 9.1% to the closing price of HK\$1.32 per Class B Share as quoted on the Stock Exchange on June 20, 2024, being the Last Trading Day and the date on which the Placing Price is fixed;
- (b) a discount of approximately 12.2% to the average closing price of HK\$1.37 per Class B Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to (but excluding) the Last Trading Day; and
- (c) a premium of approximately 6.2% to the average closing price of HK\$1.13 per Class B Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to (but excluding) the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agents and with reference to the market conditions and the prevailing market price of the Class B Shares. The Directors consider that the Placing Price is fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment or waiver (in respect of conditions (b), (d)(ii) and (e) below only) of the following conditions, among others:

- (a) the Listing Committee having granted listing of and permission to deal in, the Placing Shares and such approval or permission having not been subsequently revoked prior to the delivery of the definitive share certificate(s) representing the Placing Shares;
- (b) the representations and warranties made by the Company pursuant to the Placing Agreement being true and accurate and not misleading as at the date of the Placing Agreement and the Placing Closing Date;
- (c) the Placing Agents having received the final draft or substantially complete draft of the CSRC Filings, such drafts to be in form and substance satisfactory to the Placing Agents;
- (d) the Placing Agents having received a legal opinion issued by (i) the Cayman legal counsel to the Company; and (ii) the U.S. legal counsel to the Placing Agents, in form and substance satisfactory to the Placing Agents;

- (e) there not having been certain customary events as set out in the Placing Agreement (including but not limited to material adverse changes in the earnings, assets, business, operations or prospects of the Company, or in the Group as a whole, suspension or limitation of trading on certain stock exchanges, material disruption in commercial banking or securities settlement or clearance services in certain jurisdictions, and any litigation or claim being instituted against any member of the Group which would have a material adverse effect (as defined in the Placing Agreement) on the Group) that, in the sole judgment of the Placing Agents, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market; and
- (f) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Placing Closing Date.

If any of the above conditions is not fulfilled or waived (as relevant) at or prior to 8:00 a.m. (Hong Kong time) on the Placing Closing Date or such later time as may be agreed in writing between the Company and the Placing Agents, all rights, obligations and liabilities of the parties in relation to the Placing shall cease and determine and none of the parties to the Placing Agreement shall have any claim against any other, save for antecedent breaches.

Completion

The Placing Completion shall take place on the Placing Closing Date subject to fulfilment (or waiver) of the conditions set out above.

Termination of the Placing Agreement

The Placing Agents may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Placing Closing Date upon the occurrence of the following events which, in the sole opinion of the Placing Agents, has or may have a material adverse effect (as defined in the Placing Agreement) on the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (a) there has been a material breach by the Company of any of its representations, warranties and undertakings under the Placing Agreement or any obligations imposed on the Company under the Placing Agreement;
- (b) if any of the Placing Agents considers the Company, its controlling shareholders, actual controller and/or direct person-in-charge of the Placing does not satisfy or to be in breach(es) of the applicable CSRC rules, as well as any other applicable laws, regulations, rules and regulatory requirements (whether having the force of law or otherwise) from time to time in force;

- (c) there is any change, or any development involving a prospective change, in or affecting the business, general affairs, management, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) as a whole; or
- (d) in the event that any of the events set out in paragraph (e) under the paragraph headed "Conditions of the Placing" above occurs at any time between the date of the Placing Agreement and the Placing Closing Date.

In addition, without prejudice to any other provisions of the Placing Agreement, the Placing Agents shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the Placing Agreement.

In the event that the Placing Agents terminate the Placing Agreement in accordance with the above reasons, all obligations of each of the parties to the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and liabilities otherwise stipulated in the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Lock-up undertaking by the Company

The Company has undertaken to the Placing Agents that the Company shall not, for a period beginning on the date of Placing Agreement and ending on the date which is 90 days after the Placing Closing Date, or such shorter period as otherwise agreed in writing by the Company and the Placing Agents, without the prior written consent of the Placing Agents and except for the issuance of the Placing Shares and the granting of any share incentives under, and the issuance of new Class B Shares for the purposes of, any share incentive schemes adopted by the Company as at the date of the Placing Agreement and any share incentive schemes to be adopted by the Company in the annual general meeting to be held on June 26, 2024 (as amended from time to time), (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction.

As the Placing Completion is subject to the Placing Agreement not being terminated, and the fulfilment (or waiver) of a number of conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

RANKING OF THE PLACING SHARES

The Placing Shares will be allotted and issued fully paid up and will rank, upon allotment and issue, *pari passu* in all respects with each other, among themselves and with the other Class B Shares in issue on the date of allotment and issue of the Placing Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

No Shareholders' approval is required for the Placing and the allotment and issue of the Placing Shares by the Company, as the Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Board by resolution of the Shareholders passed at the AGM held on June 23, 2023, under which the Board may allot and issue up to 6,693,785,000 new Class B Shares (representing 20% of the aggregate number of the issued Shares existing as at the date of the AGM).

As at the date of this announcement and immediately prior to the entering into of the Placing Agreement, the Company has not issued any Class B Shares under the General Mandate.

APPLICATION FOR LISTING OF THE PLACING SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares on the Stock Exchange.

FILING WITH REGULATORY AUTHORITIES IN THE PRC

Upon the completion of the Placing, the Company will make filings with the regulatory authorities in the PRC in accordance with the relevant applicable laws and regulations, including the CSRC Filings.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is a leading AI software company principally engaged in the sale of advanced AI software platform and related services, sale of AI software-embedded hardware and related services, AIDC service as well as research and development activities in relation to AI technology.

The Directors consider that the Placing represents a suitable financing option for the Company to raise further funding to support the Group's continuous development and business growth, which is in the interest of the Company and its Shareholders as a whole.

Subject to the Placing Completion and assuming all the Placing Shares are successfully placed, it is expected that the gross proceeds and net proceeds (after deducting the Placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$2,008 million and HK\$1,995 million, respectively. On such basis, the net issue price will be approximately HK\$1.19 per Placing Share.

The net proceeds from the Placing (after deducting the Placing commission and other relevant costs and expenses of the Placing) will be used mainly for further enhancing the scale of the Company's industry leading AI infrastructure – SenseCore, supporting the further development of generative AI including large model research and product development, and for the purpose of general working capital of the Company.

In view of the above, the Directors consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agents) are fair and reasonable with reference to the prevailing market conditions and the Placing and the entry into of the Placing Agreement are in the interest of the Company and its Shareholders as a whole.

EFFECTS OF THE PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the number of the total issued Shares of the Company is 33,468,925,000 Shares, comprising 7,520,115,072 Class A Shares and 25,948,809,928 Class B Shares.

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the Placing Completion (assuming there is no other change in the number of issued Shares from the date of this announcement up to the Placing Closing Date and all the Placing Shares are successfully placed):

	As at the date of this announcement		Immediately upon the Placing Completion	
	<i>Number of Shares</i>	<i>Approximate percentage of total issued Shares (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage of total issued Shares (%)</i>
<i>Class A Shares</i> ⁽¹⁾	7,520,115,072	22.47	7,520,115,072	21.40
<i>Class B Shares</i>				
Placees ⁽²⁾	–	–	1,673,446,000	4.76
Other Class B Shareholders	25,948,809,928	77.53	25,948,809,928	73.84
Sub-total of Class B Shares	25,948,809,928	77.53	27,622,255,928	78.60
Total	33,468,925,000	100.00	35,142,371,000	100.00

Notes:

- (1) Among the 7,520,115,072 Class A Shares, 6,906,080,602 Class A Shares were held by Prof. Tang Xiao'ou through Amind Inc. prior to his passing on December 15, 2023. Upon the passing of Prof. Tang Xiao'ou, the weighted voting rights in the 6,906,080,602 Class A Shares held by Amind Inc. ceased and such Class A Shares are expected to be converted into Class B Shares on one-to-one basis.
- (2) None of the Placees is a substantial shareholder as at the date of this announcement, and it is expected that none of the Placees will become a substantial shareholder of the Company immediately upon the Placing Completion.

- (3) The percentage figures above have been rounded off to the nearest second decimal place.
- (4) The sum of the number of Shares and the shareholding percentage may not be equal to the total number or percentage due to rounding.

The Directors confirm that, immediately after the Placing Completion (assuming all the Placing Shares are successfully placed), the public float of the Company will be no less than 25% of the Company's issued share capital as enlarged by the Placing (assuming that the Placing Shares are fully placed and there is no other change in the issued Shares of the Company from the date of this announcement up to the Placing Completion).

EQUITY FUND RAISING ACTIVITY OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Directors confirm that the Company has not been involved in any fund raising activities in relation to the issuance of its equity securities within the twelve months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings.

“AGM”	the annual general meeting of the Company held on 23 June 2023
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturdays, Sundays and public holidays in Hong Kong) on which licensed banks generally are open for business and the Stock Exchange is open for trading of securities in Hong Kong
“Class A Share(s)”	the class A ordinary shares 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 meeting (unless ceased in accordance with the Listing Rules and/or the memorandum and articles of association of the Company), 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)”	the class B ordinary shares 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 meeting

“Company”	SenseTime Group Inc. (商汤集团股份有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on October 15, 2014 and whose Class B Shares are listed on the Stock Exchange (Stock Codes: 20 (HKD Counter) and 80020 (RMB Counter))
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“CSRC Filing Report”	the filing report in relation to the Placing and any transactions contemplated by the Placing Agreement to be filed with the CSRC
“CSRC Filings”	the CSRC Filing Report (including any amendments, supplements and/or modifications thereof) and any relevant supporting materials (including, but not limited to, the PRC legal opinion to be issued by the counsel for the Company on the PRC laws, where applicable) to be filed with the CSRC pursuant to the applicable requirements under the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on 17 February 2023 (as amended, supplemented or otherwise modified from time to time)
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the ordinary resolution passed at the AGM to the Board to allot, issue and deal with new Class B Shares not exceeding 20% of the aggregate number of the issued Shares existing as at the date of the AGM (being a total of 6,693,785,000 Class B Shares)
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)

“Last Trading Day”	June 20, 2024, being the last trading day prior to the signing of the Placing Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placees”	any professional, institutional, corporate and other investors, whom the Placing Agents has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the conditional placing by or on behalf of Placing Agents of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agents”	Guotai Junan Securities (Hong Kong) Limited and Huatai Financial Holdings (Hong Kong) Limited
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated June 21, 2024 in relation to the Placing under the General Mandate
“Placing Closing Date”	the Business Day upon which the last of the conditions to completion of the Placing as set out in the Placing Agreement to be satisfied shall have been satisfied, provided that the Placing Closing Date shall take place on a date not later than five Business Days after the date of the Placing Agreement, or at such other time and/or date as may be mutually agreed in writing between the Placing Agents and the Company and in compliance with the Listing Rules
“Placing Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“Placing Price”	the price of HK\$1.20 per Placing Share
“Placing Share(s)”	1,673,446,000 new Class B Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement which will rank <i>pari passu</i> in all respects with the Class B Shares in issue and together with all rights attaching to as at the date of issue of the Placing Shares
“PRC”	the People’s Republic of China. For the purpose of this announcement and for geographical reference only, except where the context requires, references in this announcement to the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan Region

“Reserved Matter”	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 Association, being: (i) any amendment to the Memorandum of Association or Articles of Association; (ii) the variation of rights attached to any class of shares; (iii) the appointment, election or removal of any independent non-executive Director; (iv) the appointment, election or removal of the Company’s auditor; and (v) the voluntary liquidation or winding-up of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Class A Shares and Class B Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“trading day”	means a day on which the Stock Exchange is open for the trading of securities
“USD”	United States dollars, the lawful currency of the United States
“%”	per cent.

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 Officer

Hong Kong, June 21, 2024

As at the date of this announcement, the Board comprises Dr. Xu Li, 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.