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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))

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2025. These interim results have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and reviewed by the Auditor, and by the Audit Committee.

KEY HIGHLIGHTS

Financial Summary

	Six months ended June 30,				
	2025		2024		
	Amount	As a percentage of revenue (Unaudited)	Amount	As a percentage of revenue	Period- over-period change
	<i>(RMB in thousands, except for percentages)</i>				
Revenue	2,358,198	100.0	1,739,717	100.0	35.6%
Gross Profit	907,800	38.5	766,760	44.1	18.4%
Loss for the period	(1,489,270)	(63.2)	(2,477,212)	(142.4)	-39.9%
EBITDA	(847,692)	(35.9)	(2,040,685)	(117.3)	-58.5%
Non-IFRS Measures:					
Adjusted EBITDA	(520,555)	(22.1)	(1,889,638)	(108.6)	-72.5%
Adjusted net loss	(1,162,133)	(49.3)	(2,326,165)	(133.7)	-50.0%

BUSINESS REVIEW AND OUTLOOK

Overall Performance

In the first half of 2025, general-purpose and multimodal large models entered a new phase defined by strong reasoning and multi-agent collaboration. Generative AI penetration accelerated and, via replicable and controllable engineering pathways, began crossing “industrial threshold” across sectors. The industry is shifting rapidly from proof of concept to scaled deployment, with the ecosystem roles and boundaries being reshaped. In August, China State Council advanced the “AI+” Initiative, naming six priority domains for deep AI integration and eight foundational capabilities, which is expected to further catalyze AI adoption nationwide.

Against this backdrop, SenseTime deepened its “1+X” strategy and delivered tangible results. With Generative AI and Computer Vision as dual engines, business momentum remained robust with an improved structure:

- Generative AI sustained high growth, further increasing its contribution to Group revenue. Our proposed three-in-one strategy of “AI Infrastructure (SenseCore) – Large Model (SenseNova) – Application” has been proved a verifiable, replicable best practice in the industry.
- Computer Vision, after a period of industry-wide adjustment, regained its growth momentum. Leveraging leading market share and our focus on high-quality customers, Computer Vision business optimized revenue structure, improved profit margins, and enhanced cash flow.
- “X Businesses”, following strategic restructuring, unlocked operational vitality and capital market appeal, with enhanced market recognition.

At the organizational level, the Group completed a “Re-CoFound” transformation. Centered on the “1” and “X” Businesses, we are fostering entrepreneurship across the firm, building a leadership bench that blends professionalism with diversity, and empowering each innovation business with a self-driven founding team. We also upgraded our organizational design and incentive programs, promoting a younger, more agile mindset and reigniting the entrepreneurial spirit.

To present our growth trajectory and core drivers more clearly, we reclassified revenue segments in the first half of 2025. The previous segments – Generative AI, Computer Vision, and Smart Auto – have been realigned into Generative AI, Computer Vision, and X Businesses as follows:

- Generative AI segment: scope unchanged.
- Computer Vision: now includes Smart Cabin-related businesses previously under SenseAuto to strengthen synergy with existing Computer Vision product lines.

- **X Businesses:** consolidates innovation businesses undergoing market-oriented financing, including SenseAuto (smart pilot, V2X, and the Kaiwu world model), as well as Smart Healthcare (SenseCare), Home Robotics (SenseRobot), and Smart Retail (SenseMart) previously under Computer Vision. As of June 30, 2025, this segment includes ecosystem business still within SenseTime’s consolidated financial statements. Composition will adjust dynamically with financing and governance changes.
- The AI GPU chip company has been deconsolidated since the start of the year, and the edge chip company will be deconsolidated in the second half. Both remain integral ecosystem partners with deep ongoing collaboration.

Financial and Operational Performance

- **Revenue and Mix:** Group revenue grew 35.6% period-over-period to RMB2,358.2 million in H1 2025. Generative AI revenue reached RMB1,815.5 million, up 72.7% period-over-period, lifting its share of Group revenue to 77.0% (vs. 60.4% in H1 2024 and 63.7% for FY 2024), underscoring a structural shift toward production-grade AI applications.
- **Revenue Quality:** Group gross profit was RMB907.8 million, with a gross margin, of 38.5%. Trade receivable collections were RMB3,158.5 million, up 95.5% period-over-period, reflecting significantly faster sales and delivery cycle. Revenue quality remained solid, supported by model performance improvements and compute-efficiency gains.
- **Efficiency and Liquidity:** Adjusted net narrowed to RMB1,162.1 million in H1 2025, a reduction of 50.0% period-over-period and lower sequentially, validating our operation practice of “focus the core – optimize structure – raise efficiency”. As of June 30, 2025, cash reserves stood at RMB13,158.4 million, providing ample capacity to invest in the model foundations, industry-grade applications, and ecosystem development.

PERFORMANCE BY BUSINESS SEGMENT

Generative AI: Scaled Rollouts Driven by Multimodal Reasoning and Agents

In the first half of 2025, multimodal reasoning and agents became “standard capabilities” of production-level AI. The combination of both have transformed AI from a single-task assistant to a fundamentally new type of productivity that can solve complex tasks. With the “three-in-one” integrated strategy of “AI Infrastructure (SenseCore) – Large Model (SenseNova) – Application”, SenseTime has taken the lead in transforming technical capabilities into a continuously growing commercial flywheel.

Generative AI revenue reached RMB1,815.5 million, up 72.7%, with its contribution to the Group rising to 77.0%. The flywheel’s “three-in-one” synergy has achieved scale effects: computing power supports R&D and applications; R&D drives upstream and downstream iteration; applications, in turn, lead to data feedback and new insights. Integrated industrial solutions are driving joint commercialization of computing power platforms, models, and applications, forming replicable best practices across industries.

AI Infrastructure: SenseCore’s Engineering Leadership

1. Breakthroughs in customer and industry solutions

Through our “three-in-one” strategy, we formed high-value solutions for verticals such as interactive video content generation and embodied intelligence, securing top-tier customers.

- **Interactive video content generation:** For demands of high concurrency, long duration, and high resolution in the field of interactive video content generation, we provide an integrated solution spanning data cleaning/synthesis, model training, and inference services, serving leading customers such as HiDream.ai and Shengshu Technology.
- **Embodied intelligence and smart hardware:** We have integrated dual-channel data production across “simulation + real world” environment, enabling minute-level cross-region data aggregation and intelligent hierarchical storage. This supports Galbot, Fourier, and Lumos Robotics advance from proof-of-concept (PoC) to production deployment.
- **Scientific research and traditional industries:** In combination with a multimodal foundation, we continuously expand comprehensive delivery capabilities, improving coverage and penetration depth across specialized industries.

2. Platform and computing power efficiency

- **Heterogeneous clusters:** SenseCore achieved stable operation of roughly 5,000-chip heterogeneous cluster of domestic chips, with the stability maintained for as long as a month. Its utilization is around 80% and heterogeneous training efficiency is about 95% compared to that of homogeneous clusters. We supported mixed deployment of multi-vendor servers, elastic scaling in seconds, and fault recovery in minutes, supporting training and inference for both dense and Mixture of Experts (MoE) architectures.
- **Computing power and supply:** Total compute has steadily grown to approximately 25,000 PetaFLOPS (as of August 2025), while continuously optimizing GPU mix in line with technology trends. The computing power/energy consumption rate is up by 20% versus last year, with resources better aligned to high-value markets for multimodal model training and inference. Lingang AIDC Phase II is progressing as planned. Multi-site nodes are centrally scheduled, with overall resource idleness remaining at a low level.
- **Software platform upgrade:** SenseCore 2.0 has been fully upgraded, with online inference performance up about 15% versus the prior version. We fully embrace open source, offering one-stop model services with “zero-cost migration, zero-barrier usage, and zero-code deployment”, significantly shortening the cycle from R&D to production.

3. Industry recognition and market share

- **Awarded China’s first “General Capability Maturity for Large Model Inference Platforms”** highest-level certification (Level 4+) by the China Telecommunication Technology Labs (CTTL) and the China Academy of Information and Communications Technology (CAICT).

- Ranked among the top three in China by IDC and Frost & Sullivan¹. in IDC’s “China Large Model Inference Computing Power Market Analysis Report 2025”, received perfect scores in the three core areas of “performance optimization,” “cloud and local integration,” and “training and inference integration”.

Large Models and Agents: SenseNova Multimodal Large Model Among the Top of Global Peers

Deep integration of multimodalities is a core requirement for achieving Artificial General Intelligence (AGI), as the world is constituted with information in different modalities. Following the breakthrough of Transformers in overcoming the long-sequence modeling barrier in language, we are now at the convergence of language, vision, and visual thinking. This lays the foundation for the next phase of artificial intelligence that breaks the boundary between digital and physical spaces while achieving intelligent interaction with the real world. SenseTime has accumulated extensive model expertise and data knowledge in the field of computer vision, coupled with traction from rich real-world application scenarios, enabling us to consistently lead the global forefront of multimodal large model development:

1. SenseNova V6 (April 10, 2025)

- Multimodal reasoning capabilities were leading among domestic models, comparable to OpenAI o1, while its data analysis performance significantly surpasses GPT-4o.
- The overall efficiency of multimodal training has reached industry-leading levels, and inference costs have been reduced to the lowest in the industry; SenseNova V6 Omni delivers the strongest multimodal interaction capabilities in China, showing comparable performance with Gemini 2.5 Flash on various benchmarks. It is also the first Chinese large model to support in-depth analysis of medium to long-form videos (up to 10 minutes).

2. SenseNova V6.5 (July 27, 2025)

- Strong reasoning: Took the lead in implementing the interleaved visual-linguistic chain-of-thought and multimodal reinforcement learning, rivalling Gemini 2.5 Pro and Claude 4-Sonnet.
- High efficiency: Achieved more efficient perception and deeper fusion across modalities by early visual-language integration, resulting in a threefold improvement in overall cost performance.
- Intelligent Agents: Realized integrated analysis of multimodal data, reaching Claude 4-Opus level in comprehensive tests conducted in real-world customer scenarios.

¹ According to the report “Comprehensive Competitive Performance of China’s AI Infrastructure” (August 2025) jointly released by Frost & Sullivan and LeadLeo, SenseCore was recognized as an industry leader, ranking among the top three in comprehensive evaluation. Additionally, in the IDC report “China Large Model Platform Market Share 2024” (August 2025), SenseCore AI Data Center ranked among the top three in China’s large model platform market share.

3. Usability Breakthroughs

- Significantly surpassed DeepSeek R1 in complex data analysis scenarios; average accuracy in mathematics examination paper correction surpasses peers by 10 percentage points, becoming the new industry benchmark.
- Multimodal interaction achieves “fast interaction and slow thinking”; robots can maintain stable interactions even in noisy environments, enabling practical use in real-world scenarios such as customer reception and conference presentation.

Application Ecosystem: “One Foundation, Two Wings” Accelerate Penetration (Productivity Tools × Interaction Tools)

With the continuous iteration and upgrading of SenseNova multimodal large model, our applications are rapidly enhancing penetration and customer stickiness in two major usage scenarios: “productivity tools” and “interaction tools.” Centered on enterprise-grade Generative AI solutions, we are also expanding into various business models such as 2B2C (to consumer via to business) and direct 2C (to consumer), gradually forming a cloud-edge integrated product platform.

1. Productivity Tools – SenseTime “Raccoon” Family

Powered by SenseNova V6.5 multimodal data analysis capabilities, “Raccoon” series covers the entire process of development/testing/operations, specifically addressing the pain points of difficult migration and handover in enterprise codebase management. Users exceeded 3 million, with daily token processing reaching 10 billion; we are collaborating with partners such as Lenovo to expand 2B2C and direct 2C. The “Raccoon” Family provides three industry-specific versions:

- **Finance Version:** We offer products such as knowledge assistant, intelligent data querying, intelligent insurance claims processing, etc., improving data production efficiency by 300%; we have supported clients such as China Merchants Bank, Ningbo Bank, Yuexiu Chong Hing Bank, China Pacific Insurance, and Haitong Securities, and co-built AI-driven financial productivity tools with Ant Group.
- **Education Version:** Covers 500+ educational institutions, 10+ scenarios, and 250,000+ teachers and students, serving Shanghai Jiao Tong University, Fudan University, Zhejiang University, etc. Jointly launched the “SenseChat Homework Grading System” and laser printer with Unis Hantto, supporting all types of K12 math questions, with grading accuracy of 99%+, capable of completing grading for an entire class within 10 minutes.
- **Public Service Version:** Launched a tailored intelligent public service assistant with Kylin Soft and Great Wall; full-stack domestication enables “on-premise data; turn-key AI.”

2. Interaction Tools and To-C Innovation

In the field of interaction tools, SenseNova V6.5 achieves the integration of text with audio, fully upgrades real-time interaction to be warm, deep, memorable, and ultra-stable. Since its launch, SenseNova V6.5 has been applied in scenarios such as smart hardware and robotics, AI education, and AI cultural tourism

- SenseNova multimodal streaming interaction time grew 510% within the year; Since its launch in May, our new App has achieved a 15-fold growth in user base within just three months.
- Smart Hardware and Robotics: V6.5 supports real-time audio-video fusion interaction, partnering with Xiaomi Glasses, XREAL, Guixu Electronics, and Ling, Additionally, relying on SenseTime's "Wuneng" embodied intelligence platform, it empowers general-purpose robots from Galbot, Fourier, and Whalebot with the ability to interact with the real world.
- AI + tourism: Partnered with the Xuhui Cultural Tourism Bureau to launch an innovative smart tour guide service; stable interaction in noisy environment, will accelerate its rollout to domestic scenic spots and museums
- Launched the "Kapi" series: "Kapi Camera" and "Kapi Accounting" surpassed 10 million users, with DAU up 400% this year; "Kapi Accounting" has become one of the fastest apps in its niche to surpass 1 million users.

Computer Vision: Unlock the Next Wave of Accelerated Growth with Vision Agents

After a decade of maturation, computer vision is entering a second growth phase via multimodal vision agents. The entire market is expected to continue growing at an annualized rate of 15%, entering a new phase of "computer vision agents × application engineering." SenseTime remains at the forefront across all target markets: No. 1 in China Computer Vision Market Share for nine consecutive years, and No. 1 in China Smart Cabin Computer Vision Software Market Share for five consecutive years; recognition among overseas customers and partners continues to rise.

1. Customers and Operating Efficiency

As of the end of June 2025, the Computer Vision segment served over 660 customers, with a 57% long-term repeat purchase customer ratio. Overseas pipeline and new orders grew significantly period-over-period in the first half. Benefited from domestic demand recovery and sustained growth in overseas market, we have seen increase in business from the SenseFoundry platform in smart city and business. Due to a Northeast Asian smart device customer shifting cooperation from R&D services to mostly long-term maintenance services, revenue in the first half of 2025 was RMB436.0 million, down 14.8% period-over-period. With strategic focus and organizational streamlining completed, profitability and cash flow improved significantly.

2. SenseFoundry: Building a Flagship Vision Agent Platform

Traditional visual recognition and imaging models are being upgraded to autonomous vision agents via multimodal models.

- City and business park level: Primarily private deployment and subscription services, serving urban management and mobility, commercial buildings, scenic areas, and other industries. As of 30 June, 2025, it has been deployed in nearly 200 cities spanning 30,000 campuses, buildings, outlets, and hubs, with daily algorithm calls exceeding 100 million times.
- Edge device level (licensing model): Serves smartphones, automotive brands, and smart access control, enabling “full-scene, full-range” on-device imaging and perception intelligence. In the first half of 2025, cumulative shipments of SenseTime-empowered smart cabin for automobiles surpassed 1 million units, Android smartphones exceeded 250 million units, with expansion into new categories such as action cameras and AI glasses.
- Model-driven upgrade: By early 2025, the SenseFoundry platform had undergone a full upgrade leveraging multimodal large models and vision agents. It has evolved from passive API calls in the past, to now proactively judging and executing multiple vision-agent tasks. This transformation achieves greater efficiency and lower costs in recognition, understanding, retrieval, reasoning, and task scheduling, driving up sell among existing customers and deeper penetration into new verticals.
- Overseas and ecosystem: By continuously leveraging multimodal and platform capabilities to connect “Software – Models – Data – Computing Power,” overseas order momentum strengthened, with increases in both the number and depth of ecosystem partners.

X Businesses

The X Businesses segment centers on incubating an innovation ecosystem, focusing on four verticals: Smart Auto, Healthcare, Robotics, and Retail. SenseTime provides ecosystem companies with computing services, foundation AI models (including large models and computer vision models), and expert services to shorten the 0-to-1 cycle; ecosystem companies in turn provide SenseTime with cutting-edge, multi-scenario market, application, and technology insights.

In the first half of 2025, X Businesses completed the build-out of comprehensive operational capabilities, greatly energizing the organization and talent, validating their vitality in the market. More importantly, post-financing, the X Businesses require no additional capital from SenseTime, significantly optimizing the Group’s cash flow. The following are the key business developments achieved by the X Businesses in the first half:

- SenseAuto (Smart Auto): The intelligent driving solution based on the J6M chip has successfully entered mass production, initially deployed on GAC Trumpchi models, and the first batch of end-to-end models based on the Thor platform is expected to reach mass production within the year. SenseAuto’s “Kaiwu” world model has been newly upgraded, creating the industry’s first mass-produced, interactive world model, and has been deployed in the Shanghai Autonomous Driving Training Sandbox.

- **SenseCare (Smart Healthcare):** Deeply integrates AI into the full process of diagnosis, treatment, rehabilitation, and management across major hospitals and medical alliances. In the first half, jointly launched an “AI Pediatric General Practitioner” with Shanghai Xinhua Hospital; collaborated with Singapore’s IHH Healthcare Group to advance early disease screening, selected as the only healthcare case publicized at the main forum of WAIC 2025.
- **SenseRobot (Home Robotics):** Ranked No. 1 for three consecutive years in “Smart Board Game Robotics” on JD/Tmall during Double 11, and exported to Japan, South Korea, and Southeast Asia. In August, SenseRobot launched a new product in collaboration with Disney’s classic animated film “Zootopia.”
- **SenseMart (Smart Retail):** Provides core AI algorithm support to top-tier smart retail solution providers and major beverage brands; Key clients include Midea Smart, President Food, Meiyijia, AUCMA, Haier, and UBOX.

Beyond the above four verticals, SenseTime’s innovation ecosystem also includes two other components: (1) Ecosystem associated enterprises incubated by the Group; (2) minority equity investments in forward-looking emerging industries.

STRATEGIC OUTLOOK

Standing at the intersection of Computer Vision and Generative AI, and facing a new starting point of innovation and industrial integration, SenseTime officially launched the “1+X” new strategy in the second half of 2024. Through organizational, product, and business reshaping, we will seize the unprecedented market opportunity brought by Generative AI, while maintaining leadership in Computer Vision. We look forward to creating sustained value for employees, customers, and shareholders.

- **Generative AI:** Maintain a leading position in multimodal large models in China, deeply integrated with business scenarios and sustain rapid revenue growth.
- **Computer Vision:** Solidify the top position in the industry, optimize profit margins and cash flow quality.
- **“1+X” Strategy:** Drive X Businesses to become the leader in their respective vertical domains, and enhance operational vitality and capital market attractiveness.
- **“AI+”:** Seize policy and market opportunities, accelerate penetration in key fields, and complete commercial closed-loops.

CORPORATE SOCIAL RESPONSIBILITY: LEADING A NEW PARADIGM WITH SUSTAINABLE AND RESPONSIBLE AI

Strategic Propositions

SenseTime adheres to sustainable development and responsible AI as long-term strategic core, embedding “green computing power, compliant and controllable, inclusive and accessible” across the full lifecycle of technology and business. With systemic practices, SenseTime was selected to the Forbes China’s “2024-2025 Sustainable Development Industrial Selection Series,” being the only company in the AI sector to be included.

Green Computing Power and Computing Power-Energy Synergy: From Demonstration to Replication

Leveraging self-developed multimodal large models, ultra-large-scale computing clusters, and long-cycle high-quality data, SenseTime and partners such as CATL jointly built the “AIDC Computing Power-Electricity Coordination Platform” at the nation’s first 5A-grade intelligent compute center – SenseTime Lingang AIDC. The platform deeply integrates energy large models, dynamic computing power scheduling, and new energy storage, achieving precise matching and efficient utilization of “computing power and energy on demand,” providing a practical, replicable, and promotable green upgrade solution.

- Energy demand prediction accuracy exceeded 88%, with decision-making accuracy above 93%. It is expected to increase to 90%-95% and 95%+ respectively within the year.
- Since the beginning of this year, it has saved 9% of ancillary energy consumption, while the electricity costs of the computing center have decreased by 5%, with energy efficiency significantly above the industry average, making Lingang AIDC a national benchmark for green operations in intelligent compute centers.
- Through elastic scheduling and storage synergy, we further improved peak-valley matching of computing power supply and unit economics, demonstrating a win-win path of “low carbon × high efficiency.”
- SenseTime will continue to optimize across the three dimensions of “carbon efficiency, energy efficiency, and algorithmic efficiency,” promoting scaled AI applications with lower energy consumption, higher security, and broader benefit.

Ethical Governance and Standards: Building a Responsibility Moat

Grounded in “security, controllability, explainability, and auditability,” SenseTime continues to participate in and lead the standard setting globally:

- Actively participated in the development of 14 international standards and 23 domestic standards. Meanwhile, SenseTime serves as the co-chair of the AI Governance Subgroup under the National Artificial Intelligence Standardization General Group.
- At the World Artificial Intelligence Conference, SenseTime’s AI ethic governance practice was selected as one of the “Top 10 Outstanding Cases of AI Empowering Sustainable Development” released by the National Information Security Standardization Technical committee, providing a reusable paradigm from principles to engineering implementation.

International Cooperation and Social Value: Expanding the Spillover Effects of “Inclusive AI”

SenseTime signed a “Framework for Cooperation on AI Ethics, Education, and Innovation” with the Indonesian government, becoming a benchmark for transnational cooperation:

- Jointly promoting inclusive AI, with public AI literacy enhancement programs.
- Jointly building a talent training system to cultivate high-end AI talent and localized innovation capabilities.
- Advancing regional digital capacity building and sustainable development with responsible AI, exporting a systemic solution of “technology + governance + talent,” demonstrating SenseTime’s leadership and commitment in global responsible innovation.

MANAGEMENT DISCUSSION AND ANALYSIS

Six months ended June 30, 2025 compared to six months ended June 30, 2024

The following table sets forth the comparative figures for the six months ended June 30, 2025 and 2024:

	Six months ended June 30	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	2,358,198	1,739,717
Cost of sales	(1,450,398)	(972,957)
Gross profit	907,800	766,760
Selling expenses	(272,285)	(329,158)
Administrative expenses	(597,033)	(734,936)
Research and development expenses	(2,118,533)	(1,892,226)
Net impairment losses on financial assets and contract assets	(142,732)	(587,653)
Other income	128,974	108,736
Other gains/(losses) - net	640,616	(53,037)
Operating loss	(1,453,193)	(2,721,514)
Finance income	128,124	350,153
Finance cost	(96,379)	(85,864)
Finance income – net	31,745	264,289
Share of losses of investments accounted for using the equity method	(13,212)	(11,878)
Fair value losses of preferred shares	(18,623)	(12,101)
Loss before income tax	(1,453,283)	(2,481,204)
Income tax (expenses)/credit	(35,987)	3,992
Loss for the period	(1,489,270)	(2,477,212)
Loss is attributable to:		
Equity holders of the Company	(1,477,949)	(2,456,782)
Non-controlling interests	(11,321)	(20,430)
	(1,489,270)	(2,477,212)
Non-IFRS measures:		
Adjusted EBITDA	(520,555)	(1,889,638)
Adjusted net losses	(1,162,133)	(2,326,165)

Revenue

Our revenue increased by 35.6% to RMB2,358.2 million in the six months ended June 30, 2025, compared to RMB1,739.7 million in the six months ended June 30, 2024, primarily driven by continued expansion of Generative AI. The following table sets out a breakdown of our revenue by streams in absolute amounts and as percentages of our total revenue for the periods indicated:

	Six months ended June 30			
	2025		2024	
	<i>RMB million</i> <i>(Unaudited)</i>	<i>%</i>	<i>RMB million</i> <i>(Unaudited)</i>	<i>%</i>
Generative AI	1,815.5	77.0	1,051.2	60.4
Computer Vision	436.0	18.5	512.0	29.4
X Businesses	106.7	4.5	176.5	10.2
Total	<u>2,358.2</u>	<u>100.0</u>	<u>1,739.7</u>	<u>100.0</u>

Our Generative AI revenue increased by 72.7% to RMB1,815.5 million in the six months ended June 30, 2025, compared to RMB1,051.2 million in the six months ended June 30, 2024, as the demand for Generative AI model training, fine-tuning, and inference has continued to experience tremendous growth. We have also continued to commercialize our Generative AI related applications in a number of verticals including internet, intelligent hardware, robotics, finance and AI for science.

Our Computer Vision revenue decreased to RMB436.0 million in the six months ended June 30, 2025, compared to RMB512.0 million in the six months ended June 30, 2024, as collaboration with one particular Northeast Asian customer switched to mostly maintenance service upon the completion of a series of sizeable R&D projects. Notwithstanding this headwind, the Computer Vision business in general has been stabilizing and rebounding, as we continue to focus on the highest-quality customers and proactively introduce our Generative AI capabilities to our Computer Vision customers.

Our revenue from X Businesses decreased to RMB106.7 million in the six months ended June 30, 2025, compared to RMB176.5 million in the six months ended June 30, 2024. These X Businesses currently consist of four business divisions: SenseAuto (Smart Auto), SenseCare (Smart Healthcare), SenseRobot (Home Robotics) and SenseMart (Smart Retail). Over time, we would expect the X Business composition to change as we incubate more X Businesses or when existing X Businesses eventually become deconsolidated from our financial statements. It will therefore make period-over-period comparison less meaningful going forward for this particular revenue line. The revenue decline for the 1st half of 2025 is mainly due to declining revenue from SenseAuto.

Cost of sales

Our cost of sales increased by 49.1% from RMB973.0 million in the six months ended June 30, 2024 to RMB1,450.4 million in the six months ended June 30, 2025. The following table sets out a breakdown of our cost of sales by nature in absolute amounts and as percentages of our cost of sales for the periods indicated:

	Six months ended June 30			
	2025		2024	
	<i>RMB million</i> <i>(Unaudited)</i>	<i>%</i>	<i>RMB million</i> <i>(Unaudited)</i>	<i>%</i>
Hardware costs and subcontracting service fees	1,244.8	85.7	773.2	79.5
Depreciation and amortization	87.5	6.0	106.4	10.9
AIDC operation costs	79.8	5.5	45.5	4.7
Employee benefit expenses	30.0	2.1	30.8	3.2
Other expenses	8.3	0.7	17.1	1.7
Total	<u>1,450.4</u>	<u>100.0</u>	<u>973.0</u>	<u>100.0</u>

The increase in cost of sales was primarily attributable to the increase in hardware costs and subcontracting service fees, whose percentage contribution of total cost of sales has remained largely stable.

Gross Profit and Gross Margin

Our gross profit increased by 18.4% from RMB766.8 million in the six months ended June 30, 2024 to RMB907.8 million in the six months ended June 30, 2025, which is largely in line with the increase of revenue. Our gross margin decreased from 44.1% in the six months ended June 30, 2024 to 38.5% in the six months ended June 30, 2025, mainly due to higher hardware and AIDC-related costs, as driven by customer demand in 2025.

Research and Development Expenses

Our research and development expenses increased by 12.0% from RMB1,892.2 million in the six months ended June 30, 2024 to RMB2,118.5 million in the six months ended June 30, 2025, primarily due to the increase of depreciation and amortization, server operation and cloud based service fees, which resulted from our increasing investment in training and fine-tuning our foundation models as well as developing Generative AI applications.

Selling Expenses

Our selling expenses decreased by 17.3% from RMB329.2 million in the six months ended June 30, 2024 to RMB272.3 million in the six months ended June 30, 2025, primarily due to decrease in employee benefit expenses, marketing and travelling expenses.

Administrative Expenses

Our administrative expenses decreased by 18.8% from RMB734.9 million in the six months ended June 30, 2024 to RMB597.0 million in the six months ended June 30, 2025, primarily due to decrease in employee benefit expenses.

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets decreased by 75.7% from RMB587.7 million in the six months ended June 30, 2024 to RMB142.7 million in the six months ended June 30, 2025, primarily due to strengthened collection of accounts receivables and the fact that we already have relatively high balance sheet provisions for account receivables.

Other Income

Our other income increased by 18.6% from RMB108.7 million in the six months ended June 30, 2024 to RMB129.0 million in the six months ended June 30, 2025, primarily due to an increase in government grants.

Other gains/(Losses) - Net

We had net other gains of RMB640.6 million in the six months ended June 30, 2025 compared to net other losses of RMB53.0 million in the six months ended June 30, 2024. The net other gains in the six months ended June 30, 2025, primarily consist of gains on disposal of subsidiaries amounting to RMB937.6 million, fair value losses on financial assets at fair value through profit or loss amounting to RMB155.3 million and net foreign exchange losses of RMB169.0 million.

Finance Income – Net

Net finance income decreased by 88.0% from RMB264.3 million in the six months ended June 30, 2024 to RMB31.7 million in the six months ended June 30, 2025, mainly attributable to a RMB241.3 million gain from remeasurement of put option liability in prior year.

Fair Value Losses of Preferred Shares

Fair value losses of preferred shares increased from RMB12.1 million in the six months ended June 30, 2024 to RMB18.6 million in the six months ended June 30, 2025, resulting from changes in the fair value of preferred shares issued by a subsidiary of the Company.

Income Tax (Expenses)/Credit

We had income tax expense of RMB36.0 million in the six months ended June 30, 2025, compared to income tax credit of RMB4.0 million in the six months ended June 30, 2024, primarily due to a decrease in deferred income tax asset.

Loss For the Period

As a result of the foregoing, we had a loss of RMB1,489.3 million in the six months ended June 30, 2025, compared with a loss of RMB2,477.2 million in the six months ended June 30, 2024. Our continued focus on improving operational efficiency contributed to the reduction in losses.

Non-IFRS Measures

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we also use EBITDA/adjusted EBITDA and adjusted net loss as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and certain impact of financing and investment activities. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the EBITDA/adjusted EBITDA and adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets out EBITDA/adjusted EBITDA and a reconciliation from loss before income tax for the periods to EBITDA/adjusted EBITDA for the periods indicated:

	Six months ended June 30	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loss before income tax	(1,453.3)	(2,481.2)
Add:		
Finance income, net	(31.7)	(264.3)
Depreciation and amortization	637.3	704.8
EBITDA	(847.7)	(2,040.7)
Add:		
Fair value losses of preferred shares	18.6	12.1
Share-based compensation expenses	153.3	125.5
Fair value losses on financial assets at fair value through profit or loss	155.3	10.9
Professional service fees in connection with equity fundraising	–	2.6
Adjusted EBITDA	(520.6)	(1,889.6)

The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the periods:

	Six months ended June 30	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net losses for the period	(1,489.3)	(2,477.2)
Add:		
Fair value losses of preferred shares	18.6	12.1
Share-based compensation expenses	153.3	125.5
Fair value losses on financial assets at fair value through profit or loss	155.3	10.9
Professional service fees in connection with equity fundraising	–	2.6
Adjusted net losses	<u>(1,162.1)</u>	<u>(2,326.2)</u>

Trade, Other Receivables and Prepayments

Our trade, other receivables and prepayments decreased from RMB5,068.0 million as of December 31, 2024 to RMB4,719.3 million as of June 30, 2025, which primarily comprise trade receivables and other receivables.

Trade Receivables

The following table sets out a breakdown of our trade receivables as of the dates indicated:

	As at	As at
	June 30,	December 31,
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	
Trade receivables		
– Due from related parties	113.0	13.9
– Due from third parties	6,483.6	6,959.7
Provision for impairment	<u>(4,469.0)</u>	<u>(4,581.9)</u>
Total	<u>2,127.6</u>	<u>2,391.7</u>

Our net trade receivables decreased as of June 30, 2025, compared to that as of December 31, 2024.

Trade receivables' aging analysis based on date of revenue recognition is as follows:

	As at June 30, 2025	As at December 31, 2024
	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	
Up to 6 months	1,009.2	863.4
6 months to 1 year	285.6	278.4
1 to 2 years	296.4	262.5
2 to 3 years	1,008.4	1,748.2
More than 3 years	3,997.0	3,821.1
	6,596.6	6,973.6

As of June 30, 2025, the long aging of our gross trade receivables over 2 years has improved due to enhanced collection management, compared to that as of December 31, 2024. A significant portion of our historical revenue was derived from Smart City, which typically features a long payment cycle as required by the customers' internal financial management and payment approval processes. Although our overall cash collection has maintained a relatively healthy momentum since 2024, cash collections for relatively long outstanding receivables remain challenging, as some of our customers, especially those from or are exposed to the public sector, face temporary budget constraints and uncertain macroeconomic environment.

LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from capital contribution from shareholders. We had cash and cash equivalents of RMB11,168.4 million as of June 30, 2025, compared to the balance of RMB8,888.0 million as of December 31, 2024.

The following table sets forth a summary of our cash flows for the periods indicated:

	Six months ended June 30 2025	2024
	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash used in operating activities	(639.5)	(3,523.8)
Net cash generated/(used in) from investing activities	699.7	(1,068.2)
Net cash generated from financing activities	2,158.0	2,722.7
Net increase/(decrease) in cash and cash equivalents	2,218.2	(1,869.3)
Cash and cash equivalents at the beginning of the period	8,888.0	9,423.5
Exchange changes on cash and cash equivalents	62.2	72.3
Cash and cash equivalents at the end of the at the end of the period	11,168.4	7,626.5

Net Cash Used in Operating Activities

Net cash used in operating activities represents the cash used in our operations plus the income tax paid. Cash used in our operations primarily comprises our loss before income tax adjusted by non-cash items and changes in working capital.

For the six months ended June 30, 2025, net cash used in operating activities was RMB639.5 million, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortization, fair value losses on financial assets at fair value through profit or loss and provision for impairment of financial assets and contract assets, and (ii) changes in operating assets and liabilities. Net cash used in operating activities decreased in the six months ended June 30, 2025 primarily due to improved cash collection of trade receivables, and better inventory management.

Net Cash Generated from/(Used in) Investing Activities

For the six months ended June 30, 2025, net cash generated from investing activities was RMB699.7 million, which was mainly attributable to net decrease in investments in term deposits, offset by purchase of property, plant and equipment and acquisition of investments in financial assets at fair value through profit and loss.

Net Cash Generated from Financing Activities

For the six months ended June 30, 2025, net cash generated from financing activities was RMB2,158.0 million, which was mainly attributable to net proceeds from borrowings.

Borrowings

As of December 31, 2024 and June 30, 2025, we had total borrowings of RMB5,921.8 million and RMB8,172.9 million, respectively. Repayment analysis and the currency denomination of bank borrowings of the Group as at June 30, 2025 are set out in note 15 to the consolidated financial statements.

The Group maintains a prudent approach in its treasury management with interest rate exposure maintained principally on a floating rate basis. The Group did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk. The Group will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arises.

Exposure to Exchange Rate Fluctuation

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective Group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in Mainland China, Hong Kong, Japan and Singapore. These subsidiaries considered RMB, HKD, JPY and SGD as their functional currencies, respectively.

We are primarily exposed to changes in HKD/RMB, USD/RMB, and HKD/USD exchange rates. During the Reporting Period we entered into certain foreign exchange forward contracts to hedge the foreign exchange risk between USD and RMB, and these arrangements are still in force as at June 30, 2025. These contracts were not qualified for hedge accounting. We will continue to monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Employees, Training and Remuneration Policies

As at June 30, 2025, the Group had 3,206 employees, which represented a 14.6% decline in total headcount from prior year end.

The Group formulates the remuneration package for its employees based on the overall remuneration standard in the market, industry practice and the Group's remuneration strategy. In addition to salary, in-house training programmes and employee benefits, employees may receive year-end performance incentives depending on their individual performance, which includes cash incentives or share options.

Use of Proceeds from Placing of Class B Shares under General Mandate

On December 11, 2024, the Company entered into a placing agreement (the “**December 2024 Placing Agreement**”) with China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited and Huatai Financial Holdings (Hong Kong) Limited in relation to the placing of 1,865,000,000 new Class B Shares at HK\$1.50 per placing share to not less than six placees who and whose ultimate beneficial owner(s) (where applicable) shall be independent third parties (the “**December 2024 Placing**”). All the conditions set out in the December 2024 Placing Agreement were fulfilled and the December 2024 Placing was completed on December 17, 2024, where a total of 1,865,000,000 Placing Shares, representing approximately 5.12% of the number of the then issued Class B Shares and approximately 5.04% of the number of the then existing issued Shares as enlarged by the allotment and issue of the Placing Shares, have been successfully placed to no fewer than six independent placees at the Placing Price of HK\$1.50 pursuant to the terms and conditions of the Placing Agreement. For details, please refer to the announcements of the Company dated December 11, 2024 and December 17, 2024 respectively.

The Directors considered that the December 2024 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.

The net proceeds from the December 2024 Placing, after deducting the Placing commission and other relevant costs and expenses of the December 2024 Placing, amounted to approximately HK\$2,787.1 million (representing a net issue price of approximately HK\$1.49 per Placing Share). The Company intends to use such net proceeds 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. As at June 30, 2025, all of such net proceeds had been utilised by the Group. Details of the use of proceeds and the expected timeline for utilisation of the unutilised net proceeds from the Placing are set out below:

Intended purposes of placing net proceeds	Planned proportion of the net proceeds (%)	Planned use of the net proceeds (Approximately HK\$ million)	Actual use of net proceeds during the Reporting Period (Approximately HK\$ million)	Net proceeds unused as of June 30, 2025 (Approximately HK\$ million)	Expected timeline for fully utilising the net proceeds from the Placing
Enhancing the scale of the Company's industry leading AI infrastructure	35.0	975.5	975.5	–	N.A.
Supporting the further development of Generative AI	30.0	836.1	836.1	–	N.A.
General working capital	35.0	975.5	975.5	–	N.A.
Total	100.0	2,787.1	2,781.1	–	

Gearing Ratio

As of June 30, 2025, our gearing ratio was -2.1%, which represented a net cash position. Our gearing ratio is calculated as net debt divided by total capital at the end of each financial year. Net debt equals to our total borrowings, lease liabilities and preferred share and other financial liabilities less our cash and cash equivalents. Total capital is calculated as total equity plus net debt.

Contingent Liabilities

As of June 30, 2025, we did not have any material contingent liabilities.

Significant Investments held

As of June 30, 2025, we did not hold any significant investments in the equity interest of other companies.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the six months ended June 30, 2025, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As of June 30, 2025, we pledged certain buildings and land use rights with carrying amount of RMB4,143.9 million and restricted guarantee deposits amounting to RMB163.4 million for borrowings.

Future Plans for Material Investments and Capital Assets

As of June 30, 2025, we have no specific future plan for material investments and acquisition of capital assets. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group's core business with a view to create synergies with the Group's existing core business and improve the Group's service and products to its customers.

EVENTS AFTER THE REPORTING PERIOD

Placing of New Class B Shares under General Mandate

On July 23, 2025 (after trading hours of the Stock Exchange), the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Infini Capital Management Limited (the “**Subscriber**”, who and whose ultimate beneficial owners are independent third parties of the Company), pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue, a total of 1,666,667,000 new Class B Shares (the “**Subscription Share(s)**”) at HK\$1.50 per Subscription Share (the “**Subscription Price**”). In addition, on July 23, 2025, the Company also entered into a placing agreement (the “**Placing Agreement**”) with Guotai Junan Securities (Hong Kong) Limited and CLSA Limited (collectively, the “**Placing Agents**”), pursuant to which the Placing Agents have agreed to, amongst others, assist in completing the transactions contemplated under the Subscription Agreement. All the conditions set out in the Subscription Agreement and the Placing Agreement were fulfilled and the completion of the Subscription Agreement and the Placing Agreement took place on July 31, 2025, where a total of 1,666,667,000 Subscription Shares, representing approximately 4.38% of the number of the then issued Class B Shares and approximately 4.31% of the number of the then existing issued Shares as enlarged by the allotment and issue of the Subscription Shares, were issued by the Company at the Subscription Price of HK\$1.50 pursuant to the terms and conditions of the Subscription Agreement.

For details, please refer to the announcements of the Company dated July 24, 2025 and July 31, 2025 respectively. Details of the use of proceeds under the Subscription Agreement will be disclosed in the annual report of the Company for the year ended 31 December 2025.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4(a)	2,358,198	1,739,717
Cost of sales	5	(1,450,398)	(972,957)
Gross profit		907,800	766,760
Selling expenses	5	(272,285)	(329,158)
Administrative expenses	5	(597,033)	(734,936)
Research and development expenses	5	(2,118,533)	(1,892,226)
Net impairment losses on financial assets and contract assets		(142,732)	(587,653)
Other income		128,974	108,736
Other gains/(losses) - net	6	640,616	(53,037)
Operating loss		(1,453,193)	(2,721,514)
Finance income		128,124	350,153
Finance costs		(96,379)	(85,864)
Finance income – net		31,745	264,289
Share of losses of investments accounted for using the equity method		(13,212)	(11,878)
Fair value losses of preferred share		(18,623)	(12,101)
Loss before income tax		(1,453,283)	(2,481,204)
Income tax (expenses)/credit	7	(35,987)	3,992
Loss for the period		(1,489,270)	(2,477,212)
Loss is attributable to:			
Equity holders of the Company		(1,477,949)	(2,456,782)
Non-controlling interests		(11,321)	(20,430)
		(1,489,270)	(2,477,212)
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted loss per share (RMB)	8	(0.04)	(0.08)

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	(1,489,270)	(2,477,212)
Other comprehensive income		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	336,717	(205,147)
<i>Item that will not be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(206,859)	282,142
Revaluation gains upon transfer from property, plant and equipment to investment properties	3,558	—
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	(3,848)	(5,017)
Other comprehensive income for the period, net of taxes	129,568	71,978
Total comprehensive loss for the period	(1,359,702)	(2,405,234)
Total comprehensive loss for the period is attributable to:		
Equity holders of the Company	(1,348,381)	(2,381,324)
Non-controlling interests	(11,321)	(23,910)
	(1,359,702)	(2,405,234)

The above interim condensed consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2025

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i>
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment	10	5,276,102	7,277,392
Right-of-use assets		257,073	239,470
Investment properties		2,507,845	–
Intangible assets		128,395	238,550
Contract assets		15,089	21,386
Investments accounted for using the equity method		1,511,764	702,405
Deferred income tax assets		715,632	743,763
Financial assets at fair value through profit or loss	12	6,107,249	6,363,496
Long-term receivables		25,489	35,303
Other non-current assets		684,216	699,557
Restricted cash		10,567	51,417
		<u>17,239,421</u>	<u>16,372,739</u>
Current assets			
Inventories		450,962	452,307
Contract assets		19,849	5,717
Trade, other receivables and prepayments	11	4,719,332	5,067,957
Financial assets at fair value through profit or loss	12	1,795,889	701,087
Derivative financial instrument	13	3,580	–
Restricted cash		183,533	141,210
Term deposits		–	2,970,506
Cash and cash equivalents		11,168,375	8,887,988
		<u>18,341,520</u>	<u>18,226,772</u>
Total assets		<u><u>35,580,941</u></u>	<u><u>34,599,511</u></u>
Equity			
Equity attributable to equity holders of the Company			
Share capital		6	6
Other reserves		76,235,914	76,069,902
Currency translation reserves		4,433,275	4,303,417
Accumulated losses		(58,390,500)	(56,912,551)
		<u>22,278,695</u>	<u>23,460,774</u>
Non-controlling interests		<u>192,110</u>	<u>180,931</u>
Total equity		<u><u>22,470,805</u></u>	<u><u>23,641,705</u></u>

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i>
	<i>Notes</i>		
Liabilities			
Non-current liabilities			
Borrowings	15	4,127,038	4,681,464
Lease liabilities		143,406	99,259
Deferred income tax liabilities		13,589	16,521
Contract liabilities		55,481	54,478
Deferred revenue		238,813	212,087
Other financial liabilities		1,106,582	1,103,866
Long-term payables		–	36,190
		<u>5,684,909</u>	<u>6,203,865</u>
Current liabilities			
Borrowings	15	4,045,898	1,240,334
Trade and other payables	14	1,617,691	1,788,754
Lease liabilities		64,577	97,276
Contract liabilities		333,741	276,913
Deferred revenue		108,925	142,069
Current income tax liabilities		3,482	3,548
Preferred share liabilities		1,222,444	1,205,047
Derivative financial instrument	13	28,469	–
		<u>7,425,227</u>	<u>4,753,941</u>
Total liabilities		<u>13,110,136</u>	<u>10,957,806</u>
Total equity and liabilities		<u>35,580,941</u>	<u>34,599,511</u>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Equity attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Other reserves	Currency translation reserves	Accumulated losses	Total		
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)							
As at 1 January 2025	6	76,069,902	4,303,417	(56,912,551)	23,460,774	180,931	23,641,705
Comprehensive loss							
Loss for the period	-	-	-	(1,477,949)	(1,477,949)	(11,321)	(1,489,270)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	-	(3,848)	-	-	(3,848)	-	(3,848)
Revaluation gains upon transfer from property, plant and equipment to investment properties	-	3,558	-	-	3,558	-	3,558
Exchange differences on translation of foreign operations	-	-	129,858	-	129,858	-	129,858
Total comprehensive loss	-	(290)	129,858	(1,477,949)	(1,348,381)	(11,321)	(1,359,702)
Transactions with equity holders							
Exercise of share options	-	35,552	-	-	35,552	-	35,552
Transactions with non-controlling interests	-	40,000	-	-	40,000	(40,000)	-
Recognition of financial instruments with preferred rights at amortised cost	-	(62,500)	-	-	(62,500)	62,500	-
Share-based compensation expenses	5	153,250	-	-	153,250	-	153,250
Total transactions with equity holders	-	166,302	-	-	166,302	22,500	188,802
As at 30 June 2025	6	76,235,914	4,433,275	(58,390,500)	22,278,695	192,110	22,470,805

	Equity attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Other reserves	Currency translation reserves	Accumulated losses	Total		
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)							
As at 1 January 2024	<u>5</u>	<u>71,666,422</u>	<u>4,127,161</u>	<u>(52,634,168)</u>	<u>23,159,420</u>	<u>(3,947)</u>	<u>23,155,473</u>
Comprehensive loss							
Loss for the period	-	-	-	(2,456,782)	(2,456,782)	(20,430)	(2,477,212)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	-	(5,017)	-	-	(5,017)	-	(5,017)
Exchange differences on translation of foreign operations	-	-	80,475	-	80,475	(3,480)	76,995
Total comprehensive loss	<u>-</u>	<u>(5,017)</u>	<u>80,475</u>	<u>(2,456,782)</u>	<u>(2,381,324)</u>	<u>(23,910)</u>	<u>(2,405,234)</u>
Transactions with equity holders							
Placing of ordinary shares	1	1,815,598	-	-	1,815,599	-	1,815,599
Exercise of share options	-	26,760	-	-	26,760	-	26,760
Transactions with non-controlling interests	-	(31,585)	-	-	(31,585)	31,585	-
Recognition of financial instruments with preferred rights at amortised cost	-	(11,400)	-	-	(11,400)	11,400	-
Purchase of ordinary shares for share award scheme	-	(13,530)	-	-	(13,530)	-	(13,530)
Share-based compensation expenses	5	125,491	-	-	125,491	-	125,491
Total transactions with equity holders	<u>1</u>	<u>1,911,334</u>	<u>-</u>	<u>-</u>	<u>1,911,335</u>	<u>42,985</u>	<u>1,954,320</u>
As at 30 June 2024	<u>6</u>	<u>73,572,739</u>	<u>4,207,636</u>	<u>(55,090,950)</u>	<u>22,689,431</u>	<u>15,128</u>	<u>22,704,559</u>

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash used in operations		(628,372)	(3,501,379)
Income tax paid		(11,113)	(22,384)
Net cash used in operating activities		(639,485)	(3,523,763)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,389,008)	(650,125)
Purchase of intangible assets		(70,932)	(49,524)
Proceeds from disposal of property, plant and equipment		240,871	9,209
Net cash outflow from disposal of subsidiaries		(138,542)	(36,044)
Increase in investments accounted for using the equity method		(4,250)	(14,460)
Dividend received from financial assets at fair value through profit and loss		6,789	2,257
Acquisition of debt and equity investments	12(a), (b)	(244,950)	(176,865)
Acquisition of wealth management products	12(c)	(6,788,000)	(1,679,000)
Disposal of debt and equity investments	12(a), (b)	341,044	26,107
Redemption of wealth management products	12(c)	5,655,073	1,489,599
Net decrease/(increase) in investments in term deposits		2,936,461	(102,339)
Proceeds from disposal of associates		3,536	–
Interest received from banks		151,578	113,017
Net cash generated from/(used in) investing activities		699,670	(1,068,168)

<i>Notes</i>	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Cash flows from financing activities		
Proceeds from borrowings	3,882,748	997,429
Repayments of borrowings	(1,633,071)	(183,500)
Interest paid	(89,736)	(79,994)
Principal elements of lease payments	(66,743)	(81,671)
Interests elements of lease payments	(5,189)	(5,221)
Net payment of settlement of put option liabilities	–	(21,330)
Net decrease in restricted cash	–	(803)
Capital injection by limited partners of investment fund controlled by the Group	–	272,272
Capital injection by non-controlling shareholder	62,500	11,400
Proceeds from placing of ordinary shares	–	1,815,599
Purchase of ordinary shares for share award scheme	–	(13,530)
Proceeds from exercise of share options	7,522	12,015
Net cash generated from financing activities	2,158,031	2,722,666
Net increase/(decrease) in cash and cash equivalents	2,218,216	(1,869,265)
Cash and cash equivalents at beginning of period	8,887,988	9,423,495
Effect of foreign exchange rates changes	62,171	72,314
Cash and cash equivalents at end of period	11,168,375	7,626,544

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2025

1 GENERAL INFORMATION

SenseTime Group Inc. (the “**Company**”) was incorporated in the Cayman Islands on 15 October 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Vistra (Cayman) Limited, of P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”), including the structured entities (collectively, the “**Group**”), are the sale of advanced artificial intelligence (“**AI**”) software, sale of AI software platform and related services, sale of software-embedded hardware and related services, AIDC service as well as research and development activities in relation to AI technology mainly in the People’s Republic of China (the “**PRC**”), Northeast Asia, Southeast Asia and other geographical areas.

The Company is a leading AI software company with customers across a broad spectrum of industries.

The Group did not have ultimate holding company and controlling shareholder.

On 30 December 2021, the Company has successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial information is presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the board of directors on 28 August 2025.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards (IFRS), as set out in the Company’s annual report dated 26 March 2025 except for the adoption of amended standard as disclosed in Note 3.

3 NEW STANDARDS AND INTERPRETATIONS

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024, as described in those annual financial statements.

Taxes on income for the interim period are accrued using the estimated tax rates that would be applicable to expected total annual assessable profit.

(a) New or amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The following amendment to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2025:

IAS 21 (Amendment)	Lack of Exchangeability
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The adoption of amended standards did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations not yet adopted

The followings new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2025 and have not been early adopted by the Group in preparing the interim condensed consolidated financial statements. According to the preliminary assessment made by the directors of the Group, no significant impact on the financial performance and positions of the Group is expected when they become effective.

		Effective for annual periods beginning on or after
IFRS 7 and IFRS 9 (Amendment)	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS	Annual Improvements to IFRS Accounting Standards	January 1, 2026
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture	January 1, 2026
IFRS 19	Subsidiaries without public accountability: disclosures	January 1, 2027
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027
IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity	To be determined

4 SEGMENT INFORMATION

The Company develops software and hardware products for different industry verticals based on the same AI infrastructure platform and model training framework. The technologies and nature of the products of different business lines are substantially similar. The executive directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance did not discrete operating segment financial information and the executive directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

(a) Revenue by geographical areas

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in four principal geographical areas of the world. The following table shows the Group's total consolidated revenue by location of the customers during the six months ended 30 June 2025:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	2,176,347	1,418,730
Northeast Asia	61,356	222,557
Southeast Asia	21,043	39,608
Others*	99,452	58,822
	2,358,198	1,739,717

* Other geographical areas mainly represented Hong Kong China and Middle East.

(b) Non-current assets by geographical areas

The total of the non-current assets including property, plant and equipment, right-of-use assets, investment properties and intangible assets as at 30 June 2025, broken down by the location of the assets, is as follows:

	As at 30 June	As at 31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	
Mainland China	7,997,879	7,588,715
Northeast Asia	42,345	42,673
Southeast Asia	10,842	3,941
Others	118,349	120,083
	8,169,415	7,755,412

5 EXPENSES BY NATURE

The expenses charged to cost of sales, selling expenses, administrative expenses and research and development expenses are analysed below:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Employee benefit expenses (a)	1,486,608	1,709,503
Hardware costs and project subcontracting service fees	1,244,813	773,156
Depreciation and amortization	637,336	704,808
Server operation and cloud based service fees	574,032	176,257
Professional service and other consulting fees	212,122	293,292
Utilities, property management and administrative expenses	88,008	90,955
Data labelling fees	79,290	28,894
Marketing, conference and travelling expenses	67,963	99,109
Taxes and surcharges	22,537	11,673
Research and development tools and consumables	7,942	15,460
Other expenses	17,598	26,170
Total	4,438,249	3,929,277

- (a) During the six months ended 30 June 2025, employee benefits expenses included share-based compensation expenses of approximately RMB153,250,000 (for the six months ended 30 June 2024: RMB125,491,000).

6 OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Fair value losses on financial assets at fair value through profit or loss (Note 12(d))	(155,264)	(10,897)
Fair value changes on net asset value of investment funds attributable to limited partners	19,784	17,643
Gains/(Losses) on disposal of subsidiaries (i)	937,640	(33,236)
Net foreign exchange losses	(168,990)	(25,700)
Losses on disposal of property, plant and equipment	(10,177)	(1,712)
Debt forgiveness	14,324	–
Others	3,299	865
	640,616	(53,037)

- (i) During the six months ended 30 June 2025, the Group disposed its interests in certain subsidiaries to third parties and lost control over these subsidiaries and they became associates of the Group. The Group recognised net gains amounted to RMB937,640,000 based on cash consideration of RMB50,000,000, the fair value of the Group's equity interest in these associates amounted to RMB820,000,000 on disposal date and the carrying amount of net liabilities of these subsidiaries amounted to RMB67,640,000 on disposal date.

7 INCOME TAX (EXPENSES)/CREDIT

(i) Cayman Islands

The Company was redomiciled to the Cayman Islands in 2014 as an exempted company with limited liability, and is exempted from Cayman Islands income tax under the current tax laws of the Cayman Islands. In addition, no Cayman Islands withholding tax is imposed upon any payments of dividends.

(ii) British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are not subject to tax on their income or capital gains.

(iii) Hong Kong China

Hong Kong profits tax had been provided for at the rate of 8.25% for assessable profits in the first HKD2 million and 16.5% for any assessable profits in excess of HKD2 million. (for the six months ended 30 June 2024: 16.5%).

(iv) Singapore

Entities incorporated in Singapore are subject to income tax at a rate of 17% for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 17%).

(v) Malaysia

Malaysia income tax rate is 24% during the six months ended 30 June 2025 (for the six months ended 30 June 2024: 24%). In the case that the paid-up capital is Malaysian Ringgit (“MYR”) 2.5 million or less, and the gross income from business is not more than MYR50 million, the income tax rate on the first MYR0.15 million chargeable income is 15%, the income tax rate on the next MYR0.45 million chargeable income is 17% and the part in excess of MYR0.6 million is 24%.

(vi) Saudi Arabia

Enterprises incorporated in Saudi Arabia are subject to income tax rate of 20% for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 20%).

(vii) The United Arab Emirates

Enterprises incorporated in the United Arab Emirates are subject to UAE corporate tax at a rate of 9% where the taxable income exceeding AED0.375 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 9%).

(viii) PRC corporate income tax (“CIT”)

The income tax provision of the Group in respect of its operations in the Mainland China was subject to statutory tax rate of 25% on the assessable profits for the six months ended 30 June 2025 (for the six months ended 30 June 2024: 25%), based on the existing legislation, interpretations and practices in respect thereof.

Beijing SenseTime Technology Development Co., Ltd. (Beijing SenseTime), Shanghai SenseTime Intelligent Technology Co., Ltd. (Shanghai SenseTime), Shanghai Sensetime Shancui Medical Technology Co., Ltd., Shenzhen SenseTime Technology Co., Ltd., Shanghai Lingang SenseAuto Intelligent Technology Co., Ltd., Shanghai SenseTime Technology Development Co., Ltd. and Shenzhen Tetras. AI Technology Co., Ltd. were entitled to a preferential income tax rate of 15% for the six months period ended 30 June 2025. These subsidiaries were qualified as “High and New Technology Enterprises” (“HNTEs”) under the relevant PRC laws and regulations or were registered in applicable special zones. These entities reapply for HNTEs status every three years.

(ix) PRC Withholding Tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong China meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong China, the relevant withholding tax rate will be reduced from 10% to 5%.

During the six months ended 30 June 2025, no deferred income tax liability on WHT was accrued as at the end of each reporting period because the subsidiaries of the Group were primarily loss making in these periods (for the six months ended 30 June 2024: nil).

	Six months ended 30 June	
	2025	2024
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Current income tax	(9,996)	(24,523)
Deferred income tax	(25,991)	28,515
	<hr/>	<hr/>
Income tax (expenses)/credit	(35,987)	3,992
	<hr/> <hr/>	<hr/> <hr/>

8 LOSS PER SHARE

Basic

The basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares (excluding treasury shares) issued during the six months ended 30 June 2025:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company (RMB’000)	(1,477,949)	(2,456,782)
Weighted average number of ordinary shares in issue (thousand)	36,109,541	32,441,299
	<hr/>	<hr/>
Basic loss per share (expressed in RMB per share)	(0.04)	(0.08)
	<hr/> <hr/>	<hr/> <hr/>

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2025, the Company has three categories of dilutive potential ordinary shares: preferred shares issued by a subsidiary of the Company, restricted share units (“RSUs”) and share options. As the Group incurred losses for the six months ended 30 June 2025, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the six months ended 30 June 2025 is the same as basic loss per share of the respective period (for the six months ended 30 June 2024: same as basic loss per share of the respective period).

9 DIVIDENDS

No dividend had been declared or paid by the Company during the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities (a) RMB'000	Property improvement RMB'000	Large-scale electronic equipment RMB'000	Computers and related equipment RMB'000	Office equipment and furniture RMB'000	Transportation equipment and vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2024									
Cost	4,764,221	558,058	4,461,218	819,139	65,039	63,396	39,338	31,954	10,802,363
Accumulated depreciation	(407,583)	(324,360)	(2,123,370)	(575,105)	(38,949)	(41,393)	(14,211)	–	(3,524,971)
Net book amount	4,356,638	233,698	2,337,848	244,034	26,090	22,003	25,127	31,954	7,277,392
(Unaudited)									
Six months ended									
30 June 2025									
Opening net book amount	4,356,638	233,698	2,337,848	244,034	26,090	22,003	25,127	31,954	7,277,392
Additions	273	2,947	1,026,587	84,060	351	–	224	121,797	1,236,239
Internal transfer	–	3,950	–	650	–	3,903	–	(8,503)	–
Transfer to investment properties	(2,503,101)	–	–	–	–	–	–	–	(2,503,101)
Disposals	–	–	(202,333)	(24,806)	(642)	(804)	(143)	(3,284)	(232,012)
Depreciation charge	(66,701)	(36,310)	(316,187)	(74,343)	(4,437)	(4,444)	(2,451)	–	(504,873)
Currency translation differences	1,150	43	(42)	218	18	212	858	–	2,457
Closing net book amount	1,788,259	204,328	2,845,873	229,813	21,380	20,870	23,615	141,964	5,276,102
At 30 June 2025									
Cost	2,123,083	564,998	5,125,713	859,607	62,374	57,913	39,868	141,964	8,975,520
Accumulated depreciation	(334,824)	(360,670)	(2,279,840)	(629,794)	(40,994)	(37,043)	(16,253)	–	(3,699,418)
Net book amount	1,788,259	204,328	2,845,873	229,813	21,380	20,870	23,615	141,964	5,276,102

- (a) As at 30 June 2025, certain buildings with carrying amount of RMB1,574,953,000 (31 December 2024: RMB4,142,979,000) were pledged as collaterals for the Group's borrowings (Note 15).
- (b) During the six months ended 30 June 2025, depreciation charges were expensed off in the following categories in the interim condensed consolidated income statement:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	87,095	104,568
Selling expenses	7,115	9,010
Administrative expenses	95,991	105,615
Research and development expenses	314,672	305,520
	504,873	524,713

11 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Notes receivables	74,876	70,206
Provision for impairment	(49,032)	(49,033)
	<u>25,844</u>	<u>21,173</u>
Trade receivables		
– Due from related parties	113,054	13,852
– Due from third parties	6,483,554	6,959,714
	<u>6,596,608</u>	<u>6,973,566</u>
Gross trade receivables		
Provision for impairment	(4,469,013)	(4,581,875)
	<u>2,127,595</u>	<u>2,391,691</u>
Other receivables		
– Refundable deposits	65,513	81,565
– Loans to related parties	37,995	114,430
– Others	593,684	623,118
	<u>697,192</u>	<u>819,113</u>
Gross other receivables		
Provision for impairment	(331,191)	(396,712)
	<u>366,001</u>	<u>422,401</u>
Prepayments	1,443,960	1,448,577
Input VAT to be deducted	755,932	784,115
	<u>4,719,332</u>	<u>5,067,957</u>
Total trade, other receivables and prepayments		

The aging analysis of the notes receivables based on date of revenue recognition is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Bank notes receivables		
– Up to 6 months	<u>25,876</u>	<u>20,743</u>
Commercial notes receivables		
– Up to 6 months	<u>–</u>	<u>463</u>
– Over 1 year	<u>49,000</u>	<u>49,000</u>
	<u>74,876</u>	<u>70,206</u>

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly around 90 to 270 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Up to 6 months	1,009,248	863,425
6 months to 1 year	285,557	278,411
1 to 2 years	296,368	262,468
2 to 3 years	1,008,443	1,748,177
More than 3 years	<u>3,996,992</u>	<u>3,821,085</u>
	<u>6,596,608</u>	<u>6,973,566</u>

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classified the following financial assets at FVPL:

- Debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income;
- Equity investments that are held for trading; and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

Financial assets mandatorily measured at FVPL include the following:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Non-current assets		
Debt investments (a)		
– Unlisted entities	3,365,379	3,196,029
– Investments in bonds	1,313,186	1,270,576
– Fund	854,310	747,755
Equity investments (b)		
– Listed entities	199,591	782,940
– Unlisted entities	374,783	366,196
	<u>6,107,249</u>	<u>6,363,496</u>
Current assets		
Wealth management products (c)	<u>1,795,889</u>	<u>701,087</u>
	<u>7,903,138</u>	<u>7,064,583</u>

(a) Debt investments

The movement of the debt investments during the six months ended 30 June 2025 is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At beginning of the period	5,214,360	5,766,378
Additions	194,371	112,814
Disposals	(2,261)	(10,140)
Fair value changes	142,830	(8,024)
Currency translation differences	(16,425)	20,252
	<hr/>	<hr/>
At end of the period	5,532,875	5,881,280
	<hr/> <hr/>	<hr/> <hr/>

The Group made investments in various industry companies in the form of convertible redeemable preferred shares, ordinary shares with preferential rights and convertible loans. The Group has the right to require and demand the investees to redeem all of the investments held by the Group at guaranteed predetermined amount upon redemption events which are out of control of the investees. Hence these investments are accounted for as debt instruments and are measured as financial assets at fair value through profit or loss. In addition, the Group also made investments in certain investment funds as a limited partner, these investments were included in debt investments, depending on the investment contract terms.

(b) Equity investments

The movement of the equity investments during the six months ended 30 June 2025 is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At beginning of the period	1,149,136	761,097
Additions	50,579	64,051
Disposals	(338,783)	(15,967)
Fair value changes	(284,812)	(15,667)
Currency translation differences	(1,746)	307
	<hr/>	<hr/>
At end of the period	574,374	793,821
	<hr/> <hr/>	<hr/> <hr/>

The fair values of the listed securities are determined based on the closing price quoted in active markets. The fair values of the unlisted securities are measured using a valuation technique with unobservable inputs.

(c) Wealth management products

The wealth management products were non-principal protected with maturity of less than 1 year.

The movement of the wealth management products during the six months ended 30 June 2025 is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At beginning of the period	701,087	521,805
Additions	6,788,000	1,679,000
Redemptions	(5,655,073)	(1,489,599)
Disposal of subsidiary	(50,000)	–
Fair value changes	11,875	12,794
	<hr/>	<hr/>
At end of the period	1,795,889	724,000
	<hr/> <hr/>	<hr/> <hr/>

(d) Amounts recognised in the interim condensed consolidated income statement

During the six months ended 30 June 2025, the following gains/(losses) were recognised in the interim condensed consolidated income statement:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value gains/(losses) on investments in:		
– Debt investments	142,830	(8,024)
– Equity investments	(284,812)	(15,667)
– Derivative financial instruments	(25,157)	–
– Wealth management products	11,875	12,794
	<hr/>	<hr/>
	(155,264)	(10,897)
	<hr/> <hr/>	<hr/> <hr/>

13 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2025	
	Assets	Liabilities
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign currency forward contract	—	28,469
Foreign currency swap contract	3,580	—
	3,580	—
	As at 31 December 2024	
	Assets	Liabilities
	RMB'000	RMB'000
Foreign currency forward contract	—	—
Foreign currency swap contract	—	—
	—	—

14 TRADE AND OTHER PAYABLES

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
	(Unaudited)	
Notes payables	2,294	—
Trade payables		
– Third parties	592,729	462,873
– Related parties	7,901	9,091
Long-term payables due within 1 year	—	22,333
Other payables		
– Third parties	536,295	539,049
– Related parties	23,041	7,452
Payables on purchase of property, plant and equipment and intangible assets	169,285	269,557
Accrued taxes other than income tax	27,269	80,143
Staff salaries and welfare payables	218,657	362,926
VAT payables related to contract liabilities	35,726	27,334
Accrued warranty expenses	4,494	7,996
	1,617,691	1,788,754

Aging analysis of the notes and trade payables based on purchase date at the end of 30 June 2025 are as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
	(Unaudited)	
Up to 6 months	382,770	272,711
6 months to 1 year	38,519	12,341
1 to 2 years	16,624	68,551
More than 2 years	165,011	118,361
	602,924	471,964

15 BORROWINGS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
Non-Current		
Bank borrowing – secured	3,712,124	3,719,739
Bank borrowing – guaranteed	1,247,355	1,133,685
Bank borrowing – unsecured and unguaranteed	40,000	40,000
Less: current portion of non-current borrowings	(872,441)	(211,960)
	<u>4,127,038</u>	<u>4,681,464</u>
Current		
Short-term bank borrowing – guaranteed	1,062,366	473,350
Short-term borrowing – unsecured and unguaranteed	2,104,840	550,234
Current portion of non-current borrowings	872,441	211,960
Interest payable	6,251	4,790
	<u>4,045,898</u>	<u>1,240,334</u>
	<u>8,172,936</u>	<u>5,921,798</u>

Secured bank borrowings

As at 30 June 2025, the Group had non current bank borrowings with carrying amount of RMB126,060,000 which were secured by the Group's restricted deposits of USD20,900,000 (equivalent to RMB163,447,000) (31 December 2024: bank borrowings with carrying amount of RMB129,360,000 which were secured by the Group's restricted deposits of USD20,900,000 (equivalent to RMB161,514,000)).

As at 30 June 2025, the Group had non current bank borrowings with carrying amount of RMB1,930,924,000 (31 December 2024: RMB1,930,239,000) which was pledged by equity interest of Shanghai Yuqin Information Technology Co., Ltd. (“**Shanghai Yuqin**”) and joint liability guarantee from Shanghai Yuqin and Shanghai SenseTime. In addition, certain buildings (Note 10(a)) with a carrying amount of RMB983,530,000 and land use right with a carrying amount of RMB61,134,000 (31 December 2024: buildings with a carrying amount of RMB1,013,970,000 and land use right with a carrying amount of RMB61,811,000) respectively were also pledged as collaterals for this bank borrowing.

As at 30 June 2025, the Group had non current bank borrowings with carrying amount of RMB1,655,140,000 which was pledged by certain building with a carrying amount of RMB591,423,000 (Note 10(a)) in property, plant and equipment and RMB2,507,845,000 in investment properties respectively as a collateral for the Group's borrowings (31 December 2024: bank borrowings with carrying amount of RMB1,660,140,000 which was pledged by certain buildings with a carrying amount of RMB3,129,009,000).

Guaranteed bank borrowings

As at 30 June 2025, the Group had non-current bank borrowings with carrying amount of RMB141,000,000 for public rental housing, which was guaranteed by a state-owned property developer before the property registration is ready. After that, this borrowing will be guaranteed by Shanghai SenseTime and be pledged by the public rental housing itself as a collateral (31 December 2024: borrowings with carrying amount of RMB142,000,000).

As at 30 June 2025, the Group had non-current bank borrowings with carrying amount of RMB635,355,000 which were guaranteed by SenseTime Group Limited (31 December 2024: bank borrowings with carrying amount of RMB581,985,000).

As at 30 June 2025, the Group had non-current bank borrowings with carrying amount of RMB109,500,000 which were guaranteed by Beijing SenseTime (31 December 2024: bank borrowings with carrying amount of RMB109,700,000).

As at 30 June 2025, the Group had non-current bank borrowings with carrying amount of RMB361,500,000 which were guaranteed by Shanghai SenseTime (31 December 2024: bank borrowings with carrying amount of RMB300,000,000).

As at 30 June 2025, the Group had current bank borrowings with carrying amount of RMB1,043,866,000 which were guaranteed by SenseTime Group Limited (31 December 2024: RMB465,350,000 which were guaranteed by SenseTime Group Limited).

As at 30 June 2025, the Group had current bank borrowings with carrying amount of RMB18,500,000 which were guaranteed by Shanghai SenseTime (31 December 2024: RMB8,000,000 which were guaranteed by Shanghai SenseTime).

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates of the borrowings at the end of the reporting period are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000
6 months or less	670,535	966,915
Between 6 and 12 months	3,369,112	268,630
Between 1 and 2 years	739,152	1,093,809
Between 2 and 5 years	1,687,996	1,866,514
Over 5 years	1,699,890	1,721,140
	<u>8,166,685</u>	<u>5,917,008</u>

The aggregate principal amounts of bank borrowings and applicable interest rates are as follows:

	As at 30 June (Unaudited) 2025		As at 31 December 2024
	Amount RMB'000	Interest rate Per annum	Amount RMB'000
RMB bank borrowings	8,166,685	1.06%~3.80%	5,917,008
			1.95%~3.80%

As at 30 June 2025, the carrying amounts of bank borrowings approximated their fair values since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

As at 30 June 2025, the weighted average effective interest rate for borrowings was 2.52% (31 December 2024: 2.89%).

16 EVENTS AFTER THE BALANCE SHEET DATE

In July 2025, a total number of 1,666,667,000 Class B ordinary shares have been placed at HK\$1.50 per share for an aggregate consideration of approximately HK\$2,500 million.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including any sale of treasury shares).

Compliance with the Corporate Governance Code

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures, to enhance transparency of the work of the Board, and to strengthen accountability to all the Shareholders.

During the Reporting Period, the Company has complied with code provisions under the Corporate Governance Code set out in Appendix C1 to the Listing Rules save for code provision C.2.1 of Part 2 of the Corporate Governance Code as discussed below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Dr. Xu Li currently performs these two roles. The Board believes that vesting the roles of both executive chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of executive chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

As disclosed in the announcement of the Company dated March 14, 2025, following the resignation of Mr. Li Wei as an independent non-executive Director with effect from March 15, 2025, the Company was temporarily unable to comply with the requirements under Rules 3.10(1) and 3.10A (in respect of having at least three independent non-executive Directors representing at least one-third of the Board), and the requirements under Rules 3.21 (in respect of the audit committee having at least three members with a majority of members comprising independent non-executive Directors), 3.25 (in respect of the remuneration committee having an independent non-executive Director as chairman with a majority of members comprising independent non-executive Directors), 3.27A and 8A.28 (in respect of the nomination committee having an independent non-executive Director as chairman with a majority of members comprising independent non-executive Directors). The Board took active steps to restore compliance with the above requirements following such temporary non-compliance, including to identify suitable candidates to fill the vacancy, and on May 30, 2025, following the appointment of Mr. Chiu Duncan as an independent non-executive Director and certain changes to the composition of the committees of the Board, the Company has re-complied with the aforementioned requirements.

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2025 (June 30, 2024: Nil).

Directors' Securities Transactions

The Board has adopted the Model Code as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

Audit Committee

The Audit Committee (comprising two independent non-executive Directors, Mr. Lyn Frank Yee Chon (being the chairman of the Audit Committee) and Mr. Chiu Duncan; and the non-executive Director, Ms. Fan Yuanyuan) has reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period. The Audit Committee has also discussed matters in relation to the accounting policies and practices adopted by the Company, risk management, internal control and financial reporting with senior management members and the Auditor.

Publication of the Interim Results and Interim Report

This interim results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sensetime.com. The interim report of the Company containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company and will be despatched to the Shareholders (if requested) in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expression shall have the meanings set out below:

“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board”	the board of Directors of the Company
“Class A Share(s)”	class A ordinary shares of the share capital of the Company with a par value of US\$0.000000025 each
“Class B Share(s)”	class B ordinary shares of the share capital of the Company with a par value of US\$0.000000025 each
“Company”	SenseTime Group Inc. (商汤集团股份有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability, the issued Class B Shares of which are listed on the Main Board of the Stock Exchange (stock codes: 0020 (HKD Counter) and 80020 (RMB Counter))
“Director(s)”	director(s) of the Company
“Dr. Wang Xiaogang”	Dr. Wang Xiaogang (王曉剛), the Company’s co-founder, executive Director, chief scientist and a WVR Beneficiary
“Dr. Xu Li”	Dr. Xu Li (徐立), the Company’s co-founder, executive Chairman of the Board, executive Director, chief executive officer and a WVR Beneficiary
“Group”, “SenseTime” or “we”	the Company and its subsidiaries and consolidated affiliated entities
“HKD” or “HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 of the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	the six months ended June 30, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SGD”	Singapore Dollars, the lawful currency of Singapore

“Share(s)”	the Class A Shares and Class B Shares in the share capital of our Company, as the context so requires
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$”	United States Dollars, the lawful currency of the United States
“WVR Beneficiary(ies)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Xu Li and Dr. Wang Xiaogang, being holders of the Class A Shares, entitling each to weighted voting rights

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, August 28, 2025

As at the date of this announcement, the executive Directors are Dr. Xu Li, Dr. Wang Xiaogang, Dr. Lin Dahua, Mr. Yang Fan and Mr. Wang Zheng; the non-executive Director is Ms. Fan Yuanyuan; and the independent non-executive Directors are Prof. Xue Lan, Mr. Lyn Frank Yee Chon and Mr. Chiu Duncan.

This announcement contains certain forward-looking statements. These forward-looking statements are based on information currently available to the Group or the current belief, expectations and assumptions of the Board. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company’s control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and shareholders and investors of the Company should not place undue reliance on such statements.