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SenseTime Group Inc.

商汤集团股份有限公司

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

(Stock Code: 0020)

FURTHER ANNOUNCEMENT ON CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SOFTWARE LICENSE AGREEMENT

Reference is made to the announcement dated June 8, 2022 in relation to the Software License Agreement (the “**Announcement**”). Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Annual Caps have been determined with reference to the fees payable by JCV to SenseTime HK under the Software License Agreement and the estimated demand for the other supporting services from JCV under the Software License Agreement as described in the section headed “Fees and Payment Terms” in the Announcement. The Company now wishes to provide further information as to the basis of Annual Caps, with reference to the section headed “Fees and Payment Terms” in the Announcement:

For the financial year ending December 31	Annual Cap	Basis of the Annual Cap
2022	US\$6,160,000 (equivalent to approximately HK\$48,356,000)	<ul style="list-style-type: none">Since the delivery of the Software by SenseTime HK to JCV is expected to be within 2022, the full license fee of US\$5 million will be recorded as revenue of the Group for the financial year ending December 31, 2022 based on the relevant accounting treatment. As such, US\$5 million is included as the Annual Cap for the year ending December 31, 2022.

For the financial year ending December 31	Annual Cap	Basis of the Annual Cap
2023	US\$2,660,000 (equivalent to approximately HK\$20,881,000)	<ul style="list-style-type: none"> Given the Acceptance Date is expected to be within second or third quarter of 2022, the Consulting Services are expected to be provided throughout and across 2022 and 2023. Accordingly, 50% of the aggregate services fees for the Consulting Services (being 50% of US\$1,320,000) is included to each of the financial years ending 2022 and 2023.
2024	US\$4,500,000 (equivalent to approximately HK\$35,325,000)	<ul style="list-style-type: none"> As disclosed in the Announcement, it is expected to take JCV no less than two years to complete initial customized modification of its products. The Company expects that JCV would request for customization services more frequently during this period. Therefore, an annual cap of US\$1 million for the customization service fees is estimated for the financial years ending December 31, 2022, 2023 and 2024, taking into account the scope of such customization services and prevailing market price as disclosed in the Announcement. Given the Acceptance Date is expected to be within second or third quarter of 2022, 50% of the expected customization fee is included as the Annual Cap for the financial year ending December 31, 2022. It is expected that the product developed by JCV with the Software would have passed the initial development stage after 2024, and would require less customization services as compared with 2022 to 2024. Therefore, US\$ 0.5 million is included as the Annual Cap for the financial years ending December 31, 2025 and 2026.
2025	US\$4,000,000 (equivalent to approximately HK\$31,400,000)	<ul style="list-style-type: none"> As disclosed in the Announcement, a fixed annual fee of US\$1 million is payable for the Maintenance Services for each of the four years term. Therefore, US\$1 million is included as the Annual Caps for each of the financial year ending December 31, 2023, 2024, 2025 and 2026.

For the financial year ending December 31	Annual Cap	Basis of the Annual Cap
2026	US\$4,000,000 (equivalent to approximately HK\$31,400,000)	<ul style="list-style-type: none"> As disclosed in the Announcement, (i) a fixed fee of US\$2.5 million is payable upon each request from JCV for SenseTime HK to provide algorithm upgrading services and (ii) the algorithm upgrading services shall be provided only up to once per two calendar years. It is expected that no algorithm upgrading services would be required for 2022 or 2023 as the Software to be delivered would be most updated. Thereafter, JCV may request for such services at any time between 2024 to 2026. As such, the fee of US\$2.5 million per year for the algorithm upgrading services is included into the Annual Caps for the financial years ending December 31, 2024, 2025 and 2026.

LISTING RULES IMPLICATIONS

As disclosed in the Announcement, as one or more of the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Software License Agreement are subject to compliance with the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the purposes of this announcement and illustration only, conversions of US\$ into HK\$ are based on the same exchange rate in the Announcement. No representation is made that any amount in HK\$ or US\$ could have been or could be converted at the above rate or at any other rates.

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

Hong Kong, June 27, 2022

As at the date of this announcement, the executive Directors are Dr. Xu Li, Prof. Tang Xiao'ou, Dr. Wang Xiaogang and Mr. Xu Bing; 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. Li Wei.