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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 UPDATE ANNOUNCEMENT ON  
DISCLOSEABLE TRANSACTION  
FRAMEWORK AGREEMENT  
IN RELATION TO THE ACQUISITION OF PROPERTY**

**FRAMEWORK AGREEMENT**

Reference is made to (i) the Initial Announcement in relation to the Agreement of Intent in relation to the sale of the Property by the Vendor and the Vendor Parent to Shanghai SenseTime and (ii) the First Update Announcement in relation to the Supplemental Agreement in relation to the extension of time for entering into the relevant legally binding agreement(s) for the acquisition of the Property and the extension of term of the exclusivity undertaking under the Agreement of Intent.

On June 29, 2022 (after trading hours), Shanghai SenseTime entered into the Framework Agreement with the Purchaser (a wholly-owned subsidiary of Shanghai SenseTime), the Vendor and the Vendor Parent to agree on the detailed terms and conditions for the sale and purchase of the Property. Pursuant to the Framework Agreement, the Purchaser agreed to purchase, and the Vendor and the Vendor Parent agreed to sell, the Property at the Consideration of RMB3,328,283,192 (equivalent to approximately HK\$3,894,091,335). Each party shall procure the Purchaser and the Vendor to enter into the Pre-Sale Agreements before July 28, 2022.

The terms of the Framework Agreement are based on those of the Agreement of Intent. The terms of the Pre-Sale Agreements shall be substantively consistent with the terms of the Framework Agreement. In the event of any inconsistency between the terms of the Framework Agreement and the Pre-Sale Agreements, the terms of the Framework Agreement shall prevail.

## **LISTING RULES IMPLICATIONS**

As disclosed in the Initial Announcement, as one or more of the applicable percentage ratios for the acquisition of the Property exceeds 5% but are all less than 25%, the acquisition of the Property constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules to provide its Shareholders and investors with further updates on the acquisition of the Property.

## **INTRODUCTION**

Reference is made to (i) the Initial Announcement in relation to the Agreement of Intent in relation to the sale of the Property by the Vendor and the Vendor Parent to Shanghai SenseTime and (ii) the First Update Announcement in relation to the Supplemental Agreement in relation to the extension of time for entering into the relevant legally binding agreement(s) for the acquisition of the Property and the extension of term of the exclusivity undertaking under the Agreement of Intent.

The Board would like to announce that on June 29, 2022 (after trading hours), Shanghai SenseTime entered into the Framework Agreement with the Purchaser (a wholly-owned subsidiary of Shanghai SenseTime), the Vendor and the Vendor Parent to agree on the detailed terms and conditions for the sale and purchase of the Property. Pursuant to the Framework Agreement, the Purchaser agreed to purchase, and the Vendor and the Vendor Parent agreed to sell, the Property at the Consideration of RMB3,328,283,192 (equivalent to approximately HK\$3,894,091,335). Each party shall procure the Purchaser and the Vendor to enter into the Pre-Sale Agreements before July 28, 2022.

The terms of the Framework Agreement are based on those of the Agreement of Intent. The terms of the Pre-Sale Agreements shall be substantively consistent with the terms of the Framework Agreement. In the event of any inconsistency between the terms of the Framework Agreement and the Pre-Sale Agreements, the terms of the Framework Agreement shall prevail.

## THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

<b>Date</b>	June 29, 2022
<b>Parties</b>	(1) Shanghai SenseTime (2) the Purchaser (3) Vendor (4) Vendor Parent
<b>Property to be acquired</b>	For details of the Property, please refer to the section headed “The Agreement of Intent — Property to be acquired” in the Initial Announcement. The final total gross area of the Property will be the gross area as determined by a surveyor recognised by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局).
<b>Consideration and Payment terms</b>	<p>As disclosed in the Initial Announcement, the Consideration for the acquisition of the Property payable by Shanghai SenseTime to the Vendor Parent shall be RMB3,328,283,192 (equivalent to approximately HK\$3,894,091,335) subject to any adjustment as may be agreed in the Framework Agreement and/or the Pre-Sale Agreement to be entered into by the relevant parties. The Consideration is calculated based on the Expected GFA multiplied by the cost of RMB62,800 (equivalent to approximately HK\$73,476) per square meter.</p> <p>Parties have now agreed in the Framework Agreement the adjustments mechanism of the Consideration, which is set out in the paragraph headed “Consideration Adjustment” below.</p> <p>In addition, as disclosed in the First Update Announcement, a Deposit of RMB200,000,000 (equivalent to approximately HK\$234,000,000) was paid by Shanghai SenseTime to the Vendor and the Vendor Parent pursuant to the terms of the Agreement of Intent. As the Purchaser has been nominated by Shanghai SenseTime to acquire the Property, such Deposit will be refunded to Shanghai SenseTime within 15 business days after the signing of the Pre-Sale Agreements, and an equivalent amount will be paid by the Purchaser to the Vendor as part of the Consideration as described below.</p>

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) RMB132,828,319.20 (equivalent to approximately HK\$155,409,133.46), being approximately 4% of the Consideration, payable within two business days after the signing of the Framework Agreement;
- (b) RMB200,000,000.00 (equivalent to approximately HK\$234,000,000.00), being approximately 6% of the Consideration, payable on the same day of such receipt of refund of Deposit by Shanghai SenseTime (in the event the receipt by Shanghai SenseTime of the refund of Deposit takes place on or before noon on such day (Shanghai time)) or the next business day following the receipt of refund of Deposit by Shanghai SenseTime (in the event the receipt by Shanghai SenseTime of the refund of Deposit takes place after noon on such day (Shanghai time)). The refund of Deposit to Shanghai SenseTime shall occur within 15 business days after the signing of the Pre-Sale Agreements;
- (c) RMB1,331,313,276.80 (equivalent to approximately HK\$1,557,636,533.86), being 40% of the Consideration, payable within 20 business days after the signing and the completion of the requisite filings and registrations of the Pre-Sale Agreements;
- (d) RMB1,497,727,436.40 (equivalent to approximately HK\$1,752,341,100.59), being 45% of the Consideration, payable prior to November 15, 2022 (in the event that the Vendor obtains the requisite building ownership certificate for the building tower on or before October 31, 2022) or within 10 business days after the Vendor obtaining such building ownership certificate (in the event that the Vendor obtains the requisite building ownership certificate for the building tower after October 31, 2022), whichever is later; and
- (e) RMB166,414,159.60 (equivalent to approximately HK\$194,704,566.73), being 5% of the Consideration, payable within 10 business days after the completion of the transfer of ownership of the Property to the Purchaser and receipt of the value-added tax receipt by the Purchaser.

The Consideration was determined after arm's length negotiations between the parties to the Framework Agreement, taking into account the current market value of comparable properties in the proximity of the Property.

The Consideration will be settled in cash to be financed by the internal financial resources and/or external borrowings of the Group. For the avoidance of doubt, the net proceeds raised by the Company in the Global Offering will not be utilized to settle the Consideration.

### **Consideration Adjustment**

An Adjustment Amount shall be payable by:

- (i) (in the event that the Final GFA exceeds the Expected GFA) the Purchaser to the Vendor; and
- (ii) (in the event that the Final GFA is less than the Expected GFA) the Vendor to the Purchaser,

provided that:

- (i) if the Final GFA exceeds the Expected GFA for a percentage equivalent to or more than 3%, the Vendor shall be entitled to receive the Adjustment Amount in respect of the gross floor area difference equivalent to 3% of the Expected GFA only; and
- (ii) if the Final GFA is less than the Expected GFA for a percentage equivalent to or more than 3%, Shanghai SenseTime may elect to receive the Adjustment Amount or terminate the Framework Agreement as described in the paragraph headed “Termination Rights” below.

The Adjustment Amount shall be calculated by (i) the gross floor area difference between the Final GFA and the Expected GFA multiplied by (ii) the cost of RMB62,800 (equivalent to approximately HK\$73,476) per square meter.

The Adjustment Amount (if any) shall be determined by the parties and payable within 30 business days after the receipt of property ownership certificates of the Property by the Purchaser.

### **Delivery of the Property**

The Vendor Parent and the Vendor shall commence delivery of separate floors of the Property to the Purchaser within five business days after the payment by the Purchaser of the Consideration instalment as described in paragraph (c) of the paragraph headed “Consideration and Payment terms” above, and the Vendor Parent and the Vendor shall complete the delivery of the whole Property to the Purchaser upon full payment of the Consideration by the Purchaser as described in the paragraph headed “Consideration and Payment terms” above. The Vendor and the Purchaser shall then sign a certificate for the delivery of the Property.

**Pre-Sale Agreements** Each party shall procure the Purchaser and the Vendor to enter into the Pre-Sale Agreements before July 28, 2022. The terms of the Pre-Sale Agreements shall be substantively consistent with the terms of the Framework Agreement. In the event of any inconsistency between the terms of the Framework Agreement and the Pre-Sale Agreements, the terms of the Framework Agreement shall prevail.

**Right of First Refusal in respect of the Property** If the Purchaser proposes to sell the Property in the future, the Vendor Parent shall have a right of first refusal to acquire the Property on the same terms and conditions as the Purchaser's proposed sale to a potential transferee.

In the event the Vendor Parent does not exercise the aforesaid right of first refusal to acquire the Property, the identity of the potential transferee of the Property shall be subject to the approval by the Vendor Parent and the Shanghai Xuhui District People's Government.

**Termination Rights** If the Final GFA is less than the Expected GFA for a percentage equivalent to or more than 3%, Shanghai SenseTime may elect to terminate the Framework Agreement prior to the signing of the certificate for the delivery of the Property by the Vendor and the Purchaser.

If the Vendor Parent or the Vendor fails to deliver the Property by the agreed period as described in the paragraph headed "Delivery of the Property" above, or if the Purchaser fails to obtain the property ownership certificates for the Property by reason of any default by the Vendor Parent or the Vendor, the Vendor shall pay damages at a daily rate of 0.04% of the total consideration already paid by the Purchaser or Shanghai SenseTime at the time; provided that if such default remains outstanding for more than 90 days from the agreed period for the delivery, the Purchaser and Shanghai SenseTime shall be entitled to terminate the Framework Agreement and the Vendor shall be liable to pay damages equivalent to 20% of the Consideration (being approximately RMB665,656,638, equivalent to approximately HK\$778,818,266) to the Purchaser and Shanghai SenseTime.

In addition, if any of the Pre-sale Agreements are terminated, the Framework Agreement shall be automatically terminated.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT**

Please refer to the section headed "Reasons for and Benefits of Entering into the Agreement of Intent" of the Initial Announcement for the reasons for and benefits of entering into the Framework Agreement for the purposes of acquiring the Property.

The Directors believe that the terms of the Framework Agreement are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES TO THE FRAMEWORK AGREEMENT**

Please refer to the section headed “Information on the Parties to the Agreement of Intent” of the Initial Announcement for information on Shanghai SenseTime, the Vendor Parent and the Vendor.

The Purchaser is an indirect wholly-owned subsidiary of the Company principally engaged in research, development and sales of artificial intelligence software products.

To the best of Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Vendor Parent and the Vendor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As disclosed in the Initial Announcement, as one or more of the applicable percentage ratios for the acquisition of the Property exceeds 5% but are all less than 25%, the acquisition of the Property constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules to provide its Shareholders and investors with further updates on the acquisition of the Property.

## **DEFINITIONS**

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

“Adjustment Amount”	the adjustment amount to the Consideration to be calculated in accordance with the paragraph headed “Consideration Adjustment” in this announcement
“Agreement of Intent”	the agreement of intent dated January 28, 2022 entered into between Shanghai SenseTime, the Vendor and the Vendor Parent, in relation to the proposed sale and purchase of the Property
“Board”	the board of Directors
“Class A Share(s)”	the class A ordinary shares of the Company with a par value of US\$0.000000025 each

“Class B Share(s)”	the class B ordinary shares 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 code: 0020)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Property subject to the possible adjustments by the Adjustment Amount as described in the section headed “The Framework Agreement — Consideration Adjustment” of this announcement
“Deposit”	the deposit of RMB200,000,000 (equivalent to approximately HK\$234,000,000) paid by Shanghai SenseTime for the proposed sale and purchase of the Property pursuant to the terms of the Agreement of Intent
“Director(s)”	director(s) of the Company
“Expected GFA”	the expected gross floor area of the Property as set out in the Agreement of Intent and Framework Agreement, being approximately 52,998.14 square meter
“Final GFA”	the gross floor area of the Property as set out in the property ownership certificates of the Property to be obtained by the Purchaser
“First Update Announcement”	the announcement issued by the Company dated May 30, 2022 in relation to the entering into of the Supplemental Agreement for the acquisition of the Property
“Framework Agreement”	the framework agreement dated June 29, 2022 entered into between Shanghai SenseTime, the Purchaser, the Vendor and the Vendor Parent in relation to the sale and purchase of the Property
“Global Offering”	the global offering of Class B Shares of the Company
“Group”	the Company and its subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Initial Announcement”	the announcement issued by the Company dated January 30, 2022 in relation to the entering into of the Agreement of Intent for the acquisition of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Pre-Sale Agreement”	pre-sale agreements to be entered into by the Purchaser and the Vendor, in relation to the sale and purchase of the Property
“Property”	4/F-26/F, West Tower, Shanghai West Bund International AI Tower* (上海西岸國際人工智能中心) at Plot 188N-W-1B, Unit WS5, Huangpu River South Extension Area, Xuhui District, Shanghai
“Purchaser”	Shanghai SenseTime Digital Technology Co., Ltd. (上海商湯數字科技有限公司), a company incorporated under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai SenseTime”	Shanghai SenseTime Intelligent Technology Co., Ltd. (上海商湯智能科技有限公司), a company incorporated under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Share(s)”	the Class A Shares and Class B Shares
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Agreement of Intent dated May 30, 2022 entered into between Shanghai SenseTime, the Vendor and the Vendor Parent in relation to the extension of time for entering into the relevant legally binding agreement(s) for the acquisition of the Property and the extension of term of the exclusivity undertaking under the Agreement of Intent

“Vendor” Shanghai Longhua Aviation Development and Construction Co., Ltd.\* (上海龍華航空發展建設有限公司), a company incorporated under the laws of the PRC with limited liability

“Vendor Parent” Shanghai West Bund Development (Group) Co., Ltd.\* (上海西岸開發(集團)有限公司), a company incorporated under the laws of the PRC with limited liability

\* for identification purpose only

*For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.17. No representation is made that any amount in HK\$ or RMB 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 29, 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.*