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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))**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2024**

The Board is pleased to announce the consolidated financial results of the Group for the year ended December 31, 2024. The consolidated financial statements for the year ended December 31, 2024 have been audited by the Auditor in accordance with the International Standards on Auditing, and reviewed by the Audit Committee.

**KEY HIGHLIGHTS**

**Financial Summary**

	Year ended December 31,				Year-over-year change
	2024	2023	As a percentage of revenue	As a percentage of revenue	
	<b>Amount</b>	<b>Amount</b>	<b>of revenue</b>	<b>of revenue</b>	
	<i>(RMB in thousands, except for percentages)</i>				
Revenue	3,772,101	3,405,842	100.0	100.0	10.8%
Gross Profit	1,619,697	1,500,787	42.9	44.1	7.9%
Loss for the year	(4,306,584)	(6,494,670)	(114.2)	(190.7)	-33.7%
EBITDA	(3,143,053)	(5,449,554)	(83.3)	(160.0)	-42.3%
<b>Non-IFRS Measures:</b>					
Adjusted EBITDA	(3,089,189)	(4,369,023)	(81.9)	(128.3)	-29.3%
Adjusted net loss	(4,252,720)	(5,414,139)	(112.7)	(159.0)	-21.5%

## **BUSINESS REVIEW AND OUTLOOK**

### **OVERALL PERFORMANCE**

In 2024’s technology wave, the rise of AI 2.0, represented by the evolution of Generative AI and large model, has become progressively apparent. The positive reinforcement between large model algorithms and infrastructure has become the core driving force for the rapid development of Generative AI, and has reduced industry training and inference costs by multiple folds compared against last year. With the significant cost decline of large models, Generative AI has entered a stage of accelerated implementation and realization in many scenarios. Many applications are being developed, which are expected to, in turn, drive ongoing innovations in Generative AI.

With our years of intensive research and business operations in AI, we became one of the first industry players to perceive the positive reinforcement relationship between AI models performance improvement and AI infrastructure capabilities, and have consistently adhered to the integrated strategy of “AI Infrastructure (SenseCore) – Large Model (SenseNova) – Application”. Over the past three years, we persistently invested towards building industry-leading AIDC infrastructure. With a combination of proprietary ownership (i.e. Shanghai Lingang AIDC, the nation’s first 5A-rated AIDC) and operating business model, we have increased our operational computing power to 23,000 Petaflops. By fine-tuning our infrastructure with each iteration of large model, we are positioning ourselves as the “AI infrastructure that best understands large models”, delivering value not only to our proprietary SenseNova large model, but also customers in emerging fields such as embodied AI, AIGC (AI generated content), and AI4S (AI for Science). It is noteworthy that the positive reinforcement between our AI infrastructure and algorithm helped reduce inference costs of our proprietary SenseNova large model meaningfully, such that our large model achieved industry-leading standards in terms of training efficiency. Furthermore, we have deployed industry-leading open-source models, such as DeepSeek V3 and R1, into our SenseCore AI infrastructure, with training efficiency exceeding DeepSeek’s public reports, providing customers with comprehensive, open, and cutting-edge AI cloud services.

With the exceptional support from SenseCore, our SenseNova large models continues to rank among the top in China. In April 2024, SenseNova became the first Chinese large model that surpassed GPT 4-Turbo in performance. We then took the lead in launching China’s first audio-visual streaming interactive large model in July 2024. Particularly in the field of multimodal large models, SenseNova 5.5 achieved industry-leading performance in language tasks and multimodal capabilities. It tied for first place in China, alongside DeepSeek V3, in the latest “Chinese Large Model Benchmark Evaluation 2024 Annual Report” released by SuperCLUE; and ranked first on the OpenCompass Multimodal Leaderboard, surpassing GPT-4o. Substantial decline in model costs has also catalyzed explosive growth in applications. With respect to applications and products, we concentrated our efforts to develop two different categories: productivity tools and interactive tools. The former directly enhances productivity in business scenarios such as enterprise copilot assistants, finance, and public service, with customers’ willingness to pay for applications and products having increased by six-fold compared to 2023, as represented by the aggregate amount of order value. On the other hand, the latter empowers business partners with a 2B2C strategy, enhancing user experience and fulfilling user demands in intelligent companionship, smart hardware interactions, and intelligent marketing, with monthly average user activity having increased by eight-fold compared to 2023.

In 2024, we completed another milestone on our strategic initiative, having completed our “1+X” organizational restructuring, which enhanced our ability to dedicate resources to our core businesses. “1” refers to our core businesses, which consist of Generative AI and Computer Vision (Traditional AI). Generative AI includes SenseCore AI infrastructure and large model services and applications, while Computer Vision is based on SenseTime’s deep know-how in computer vision and applying it in high value scenarios. “X” refers to vertical ecosystems. With highly targeted reorganization we took another step towards realizing the potential of our ecosystem companies, enabling them to seize market opportunities in their respective fields. These measures have achieved initial results: for the full year of 2024, SenseTime Group’s total revenue increased by 10.8% year-on-year, reaching RMB3,772.1 million; among which, Generative AI revenue exceeded RMB2,404.0 million, a year-on-year increase of 103.1%, with Generative AI maintaining triple-digit growth for two consecutive years. The proportion of Generative AI in Group revenue further increased from 34.8% in 2023 to 63.7% in 2024. The Group’s gross profit for 2024 was RMB1,619.7 million, with gross margin of 42.9%. As the Group continued to focus on core businesses and optimize efficiency, total administrative and selling expenses decreased by 9.1% year-on-year, while we continued to invest in Research and Development. As a result of above initiatives, the Group’s net loss in 2024 was RMB4,306.6 million, narrowing by 33.7% year-on-year. Collection of trade receivables amounted to RMB4,623 million, up 19.0% YoY. As of December 31, 2024, the Group’s total cash reserves reached RMB12,752.2 million.

## **BUSINESS SEGMENT PERFORMANCE**

### **Generative AI**

Our Generative AI segment has achieved triple-digit growth for two consecutive years, and it is the fastest growing segment in our history to surpass the milestone of RMB2 billion in revenue. Presently, Generative AI is the Group’s largest revenue contributor, accounting for 63.7% of the Group’s revenue.

#### ***SenseCore – “the AI Infrastructure that Best Understands Large Models”***

The rapid development of Generative AI in the past two years, especially the recent breakthrough of Chinese open-source models, has proven the importance of the positive reinforcement between large model algorithms and computing resources towards enhancing model performance and reducing training costs. In 2024, our SenseCore AI infrastructure not only provided our internal R&D efforts robust support, but also actively commercialized services available to our customers. With high-quality services for large model training and inference, and in-depth understanding of various vertical industries, we have won widespread customer recognition. In addition to serving traditional cornerstone industries such as finance, telecommunications, and energy, we have successfully expanded into business segments with high-growth potential such as embodied AI, AIGC and AI4S. We have established comprehensive partnerships with a number of emerging industry customers, including Galbot, HiDream.ai, and MoleculeMind.

Our Shanghai Lingang AIDC has become a national benchmark for AIDC. It was awarded the nation's first 5A-rated intelligent computing center certification issued by the China Academy of Information and Communications Technology in 2024, the highest accolade for AIDCs to date, demonstrating our market leadership position in operating large-scale AIDCs. Our SenseCore AI cloud services also maintained a leading position in a number of well-known third-party evaluations – it was ranked top three by IDC in “China AI Computing Services Market Tracking Report (H1 2024),” ranked 1st amongst Chinese players in Frost & Sullivan’s “2024 China GenAI Technology Stack Market Report”, and ranked 2nd in SuperCLUE’s “DeepSeek-R1 Third-Party API Stability Evaluation”, fully demonstrating our strong market position.

Our SenseCore business continued to expand its scale in terms of computing power and operation capabilities with a combination of proprietary ownership and operating model. We collaborated with three major telecom operators, asset management platforms and local partners across more than ten cities and regions nationwide, providing them operational expertise, software migration capabilities and customer resources management capabilities. This not only enabled us to actively and flexibly respond to rapid changes in market and supply chain dynamics, but also optimized the Group’s capital deployment efficiency. As of March 2025, the total computing power operated by SenseCore has exceeded 23,000 Petaflops, a 92% increase year-on-year. Our national AI computing network covers the Yangtze River Delta, the Greater Bay Area, the Beijing-Tianjin-Hebei region, and the central and western regions, achieving nationwide unified scheduling of computing power.

In terms of AI cloud service capabilities, we enabled rapid creation and scaling of virtual AI clusters through a series of engineering optimization, achieving speeds six times faster than industry average and more than 90% savings on of virtual cluster management costs. To enhance the efficiency of large model training and inference, we have adopted automatic multi-dimensional parallelism to improve training efficiency, and have achieved FP8 mixed-precision training. In particular, for outstanding third-party open-source models such as DeepSeek, SenseCore can achieve higher training efficiency than DeepSeek’s official report, thus forming an industry benchmark. In terms of improving inference efficiency, we can execute low-bit quantization inference and support both open-sourced vLLM and self-developed lightLLM. Taking DeepSeek R1 as an example, our inference throughput is more than 15% better than other top players. Through technologies such as model distillation, key-value caching, PD (Prefill-decode) separation, multimodal information compression, etc., we have reduced inference costs by an order of magnitude without sacrificing model performance.

In terms of domestic chips, we have realized large-scale commercial deployment of domestic clusters, which included domestic chips such as Ascend, Hygon, Cambricon, MetaX, Biren, etc. We have implemented unified management of heterogeneous computing chips and conducted deep scheduling optimizations tailored to the architecture and communication mechanisms of domestic chips. This enables the scheduling and execution of a single large-model training task across a 5,000-card heterogeneous chip cluster, achieving 95% of the efficiency of homogeneous training while also supporting heterogeneous inference deployment. With respect to the utilization rate of large-scale domestic clusters, it can be enhanced to 80%. These breakthroughs enabled us to flexibly combine chip resources from different manufacturers, enhancing the resiliency of the supply chain.

## ***SenseNova Multimodal Continues to Rank Top***

With the strong foundation of our SenseCore, SenseTime has consistently remained at the forefront of large model development in China, leading the direction of technological advancements. We have established the deep integration of multimodalities as the next key technical milestone, as we believe the real world is multimodal, and language model alone may fall short in understanding and expressing the richness of the world. By leveraging our foundational expertise in computer vision, we have already accumulated rich know-how in multimodality, helping us maintain leading position:

- As early as the April 2024 release of SenseNova 5.0, we took the lead in integrating multimodal capabilities in a unified model architecture, being the first large model in China to surpass GPT-4 Turbo in terms of performance.
- In July 2024, we released SenseNova 5.5, launching the nation’s first large model supporting audio-visual streaming interaction, and achieved industry-leading levels in general capabilities and multimodal capabilities.
- In the “Chinese Large Model Benchmark Evaluation 2024 Annual Report” released by SuperCLUE, SenseTime’s SenseNova 5.5 multimodal large model tied for first place in China with DeepSeek V3, surpassing Gemini 2.0 Flash-Exp; in the OpenCompass Multimodal Leaderboard, SenseTime also achieved the top spot with the same model, surpassing GPT-4o.
- SenseTime is set to launch SenseNova 6.0 in the second quarter of 2025, expected to significantly enhance multimodal understanding, reasoning, and interaction capabilities. Its overall performance and multimodal inference capabilities are expected to benchmark to other global leaders. For instance, interaction latency can be as low as 0.5 seconds, and video memory can be extended beyond 10 minutes, marking a breakthrough in the application of multimodal large models in smart terminal hardware interactions and other scenarios.

At the same time, based on the superior multi modal understanding and reasoning capabilities, combined with the vertical scenarios that SenseTime has landed on, we are actively developing vertical domain agents, continuously improving the accuracy and generalization of the agents, and aiming for super assistant.

### ***“One Foundation, Two Wings” – Applications of SenseNova***

As multimodal large models continue to push the boundaries of capability and cost efficiency, the application ecosystem based on SenseNova large models is experiencing explosive growth. Leveraging our extensive experience in enterprise applications, SenseTime has established the “One Foundation, Two Wings” strategy, with SenseNova multimodal large model as the foundation, and “**productivity tools**” and “**interactive tools**” as the two key verticals. In IDC’s “2024 Large Model Application Market Share Report,” SenseTime was ranked among the top three in China’s large model application market with a market share of 13.8%, trailing only Baidu and Alibaba Cloud.

#### ***1. Productivity Tools***

Our SenseNova multimodal productivity tools have empowered leading enterprise customers across various industries, including China Mobile, China Telecom (Shanghai), Kingsoft Office, Ningbo Bank, China Merchants Bank, Haitong Securities, Lenovo, 360, and Leapmotor. Our tools are used towards increasing work efficiency, optimizing work



processes, and enhancing the quality of work output for their employees and end users. In 2024, customers' willingness to pay for applications and products increased by six-fold compared to 2023, as represented by the aggregate amount of order value. Our productivity tools include:

- **Enterprise Copilot:** Penetration of office copilot and coding copilot are accelerating, with the number of users exceeding 1.5 million, the number of daily API calls reaching millions of times, and the number of tokens processed daily exceeding 3.5 billion, reaching 10 million developers, becoming the fastest growing AI office tool in China. Our coding copilot was rated as the number one AI coding assistant in China by Frost & Sullivan. With our robust code understanding capability, we have offered a complete matrix of AI productivity tools, providing enterprise customers with secured and privately deployed products, which are being utilized in leading enterprises such as China Mobile, China Telecom (Shanghai), Kingsoft Office, Lenovo, 360, and Leapmotor.
- **Financial Insight Agents:** We provide financial customers with in-depth data analytic tools based on multimodal large models, covering a broad range of business activities from data analysis, risk management, to digital marketing. Our core customers include Ningbo Bank, China Merchants Bank, and Haitong Securities. Our financial insight agent was awarded the "China Generative AI Financial Industry Best Solution Provider Award" by Frost & Sullivan.
- **Public Service Assistants:** SenseTime is also actively exploring innovative applications of multimodal large models in public services, aiming to develop efficient work productivity tools and service tools for public institutions, and has completed delivery of nearly ten projects domestically and abroad.

## 2. *Interactive Tools*

Leveraging the superior multimodal capabilities of SenseNova, we provided interactive tools to customers in apps, smart hardware and e-commerce marketing, significantly enhancing human-computer interaction. This enabled our clients to offer personalized services and content to end-users, improving user engagement and retention. In 2024, with inference costs having meaningfully decreased, the usage of interactive tools surged rapidly, highlighting how large-model-powered interaction tools are gradually becoming essential assistants, companions, and engagement platforms for consumers.

- **Intelligent Companionship:** SenseTime's human-like companionship model ranks among the top in deep conversation engagement rate and paid conversion rate, further strengthening its competitive edge in the high-retention intelligent companionship market. Our intelligent companionship model has successfully powered multiple leading applications. Take one of the top intelligent companionship APPs for example, its monthly API call volume has increased by 833% over the past year, with next-day retention rate of 50% and an average daily time spent of 130 minutes, making it one of the most commercially successful applications of interactive tools.

- **Smart Hardware Interaction:** SenseTime is accelerating its deployment in smart hardware applications, including robots, smart glasses, and smart cabin. Since beta testing, the system has already been integrated by over 70 enterprises, with plans to expand access to more customers upon official product release. At the same time, our new smart cabin product powered by SenseNova multimodal large model at its inception secured partnership with a top EV manufacturer that was worth hundreds of million RMB.
- **Intelligent Marketing:** The combination of SenseTime’s multimodal large model and digital human technology empowers e-commerce marketing by integrating AI-generated content and precise recommendation algorithms, providing merchants with efficient digital marketing solutions and enabling immersive consumer interactions. In 2024, the total duration of AI-generated videos for smart marketing increased by 805% year-on-year, driving a 94% YoY growth in GMV (Gross Merchandise Value). For example, during this year’s Spring Festival, our digital human solution maintained steady revenue generation for a brand, significantly improving retail conversion rates.

## **Computer Vision**

In 2024, we continued to focus on the highest quality businesses in Computer Vision while capturing new industry development opportunities. Computer Vision revenue accounted for 29.5% of the Group’s total revenue. Our strategy is two-pronged: first, we are deeply engaged in mature industries with strong differentiation, high profit margins and abundant cash flow in the domestic market; second, we will continue to expand our overseas markets and carefully cultivate a wider range of overseas partners and a more sustainable growth model, especially for those who can bring in recurring service and licensing revenues. This strategic adjustment has significantly improved the customer repurchase rate in the Computer Vision segment, which increased by 31 percentage points in 2024 compared to 2023. In addition, our long-term customer base expanded significantly, with 389 multi-year partners (cooperation > 3 years), representing approximately 40% of total Computer Vision clientele. These outcomes underscore the successful translation of our new strategy in the Computer Vision business is being turned into sustainable business results.

At the same time, leveraging our leading multimodal large models, we have maintained a leading edge in Computer Vision. SenseTime has held the number one market share in China’s computer vision market for eight consecutive years. In the national ministry level evaluations in 2024, SenseTime achieved the first prize of science and technology excellence. Our goal is to maintain our technological leadership in Computer Vision and achieve steady, high-quality, and sustainable growth.

## **Smart Auto**

The year 2024 marked a transformative period for the smart auto landscape: on the one hand, end-to-end algorithms were ready for mass-production and have become the next commanding point in industry competition, establishing the growing synergy between smart cars and embodied AI systems which demonstrated great potential. On the other hand, the era of “Smart Pilot democratization” is dawning, compelling automakers to adopt cost-optimized full-stack solutions. Leveraging our “Smart Pilot-Smart Cabin-Cloud” product system, SenseAuto is poised for development in the rapidly changing industry. SenseTime’s capabilities in Computer Vision, multimodal large models and SenseCore all continue to strengthen differentiated capabilities in the

smart Auto space. In 2024, SenseAuto’s new vehicle deliveries exceeded 1.67 million vehicles, a year-on-year increase of 29.2%, with 42 new models; cumulative deployments reaching 3.6 million vehicles across more than 130 models. In addition, we received confirmation letters as the designated supplier for 41 models, representing a volume of 11 million vehicles.

### ***Smart Pilot***

In 2024, SenseTime continued to provide cost-optimized Smart Pilot systems and accelerated market penetration in entry-level vehicle segments. SenseAuto forged strategic collaboration with Dongfeng and Chery, with plans to deploy J6 platform-based Smart Pilot solutions in Q1 2025, making it one of the first models in the industry to achieve mass production on the domestic Horizon J6 platform. At the same time, SenseAuto maintains technological leadership in high-end Smart Pilot solutions with its unified end-to-end architecture. SenseAuto is co-developing the UniAD solution with Dongfeng. Powered by NVIDIA’s cutting-edge Thor computing platform, this system is slated for series production in 2025. In addition, SenseAuto released R-UniAD, the industry’s first end-to-end autonomous driving technology roadmap with world model interaction, in February 2025. This solution is expected to significantly reduce the data requirement for end-to-end system training and achieve breakthroughs in performance improvement and generalization capabilities in diverse scenarios.

### ***Smart Cabin***

In November 2024, SenseAuto launched “A New Member For U,” the Smart Cabin product based on the SenseNova streaming multimodal large model, redefining the in-cabin interaction experience and giving cars an “interesting soul.” It was the industry’s first Smart Cabin interaction product to adopt a “human-like memory framework” and an “Always-on” operation framework, achieving industry-leading performance with a first-package latency of less than 60 milliseconds and an inference speed of 40 tokens/second. The product secured a hundreds-of-millions RMB contract from a top EV manufacturer upon its first release. In addition, other large model products have been deployed in models such as Xiaomi SU7, IM, and LEVC L380.

SenseAuto has ranked first<sup>1</sup> in the “Smart Cabin Computer Vision Software Market Share” for five consecutive years, launched the first ENCAP2026 occupant out-of-position detection and body size detection functions. Its DMS system achieved the highest score in ENCAP history, helping brands such as NIO, Chery, Zeekr, and FAW go overseas, and secured global project design wins from international car OEMs such as Toyota, Lexus, Nissan Mitsubishi, and Volkswagen MIK in 2024.

### ***World Model Cloud Platform***

In the realm of AI cloud services, SenseAuto pioneers a vehicle-cloud integrated strategy, combining real-world data and simulation data to train end-to-end autonomous driving systems. This approach notably enhances the training efficiency while accelerating the R&D cycle. The firm released the latest “**Kaiwu**” World Model in 2024, which set an industry benchmark, enabling the generation of ultra-long 150-second driving scenarios at 1080P resolution with 11V multi-perspective rendering. It further empowers the construction of a million-scale autonomous driving scene repository, supporting the controllable generation of both diversified and extreme corner-case scenarios. Since 2023, the “Kaiwu” World Model has secured first-place victories in the globally prestigious Waymo Sim Agents competition for two consecutive years, a testament to its leadership in autonomous driving simulation tasks.

<sup>1</sup> according to the data from GGAI



## **ENVIRONMENT, SOCIAL, AND GOVERNANCE**

SenseTime Group consistently upholds green development principles, prioritizing societal needs while leveraging AI technology to foster a sustainable ecosystem. Demonstrating excellence in ESG practices, we were honored to receive the “Securities Star ESG New Benchmark Enterprise Award” at the “ESG Trend Forum for Listed Companies in the Digital Economy Era.”

### **Environmental Protection**

Since 2024, SenseTime has taken multiple measures to improve computing efficiency and energy efficiency, aligning with its carbon neutrality goals of “carbon peaking by 2025, operational carbon neutrality by 2030, and net-zero emissions by 2050.” By turning on the UPS high-efficiency mode, the Shanghai Lingang AIDC effectively reduced power loss, with annual power savings of up to 800 megawatt-hours. We also reduced the energy consumption of the air conditioning system by adjusting the AHU operation mode. Through these measures, the PUE of our AIDC was optimized to 1.28 in 2024, which is the lowest level in East China.

In addition, we also used artificial intelligence innovative technology to complete an ESG project for Saudi PIF in the Middle East Red Sea region. We used underwater IoT technology to monitor the underwater ecosystem in real time and accurately assess the level of underwater pollution and the health of wild animals. We are committed to applying AI to more scenarios of environmental protection and building a low-carbon green future to achieve sustainable development goals.

### **Product Ethics and Safety**

SenseTime remains dedicated to delivering responsible products and services to customers and markets globally. During the Reporting Period, we were the inaugural enterprise to successfully pass the enhanced-level certification of China’s National Computing Power Service Capability Maturity Model (CPMM). This accomplishment underscores our comprehensive capabilities as a trusted computing power service provider, particularly in data governance, cloud-native implementation, and service reliability. Concurrently, SenseTime proactively advances AI ethics governance and participates in international collaborative dialogues on ethical frameworks and regulatory practices. Notably, our innovative case study titled “Financial Large Model Empowers Digital Employees to Bridge the Digital Divide” received the “Best Inclusive Impact” award in the “AI for Good: Innovation to Expand Impact” symposium co-organized by the Ministry of Industry and Information Technology and the International Telecommunication Union (under United Nations).

### **Compliance and Business Ethics**

SenseTime enforces a strict “zero tolerance” policy toward any improper conduct, including fraud, bribery, and conflicts of interest. The Company remains steadfast in developing a robust anti-commercial bribery compliance management system, collaborating with partners to cultivate a transparent and equitable business ecosystem. We have implemented end-to-end governance frameworks for anti-bribery measures, ensuring comprehensive coverage across organizational structures, decision-making protocols, daily operations, and partner relationship management. This is reinforced through a multi-tiered oversight mechanism combining routine monitoring, targeted audits, and priority inspections. During the Reporting Period, we formally issued the “SenseTime Group Anti-Commercial Bribery Compliance Policy & Guidelines,” further institutionalizing our governance framework. By integrating internal compliance audits with comprehensive training programs, we establish transparent supervisory protocols that safeguard our business integrity and support sustainable growth trajectories.

## STRATEGIC OUTLOOK

In order to better focus on and respond to the transformative opportunities of the AI 2.0 era, the Group will concentrate on core businesses, namely, building an industry-leading AI cloud, achieving seamless integration of large-scale computing infrastructure, foundation models, and AI applications, and deeply cultivating various Computer Vision application scenarios. Specifically:

- **Reinforcing the synergy among “AI Infrastructure (SenseCore)” and “Large Model (SenseNova) and Applications”:** We aim to drive reductions in large model training and inference expenses by multiple folds annually, preparing for the explosive growth of large model applications. On the one hand, we will capture the needs of existing customers of large model training and inference, on the other hand, look towards the future, engage in embodied AI and other industries, and create industry solutions with distinct advantages. We will also expand computing resources beyond Shanghai’s core cluster to other intelligent industry hubs nationwide. Based on multimodal large model capabilities, we will create productivity tools and interactive tools, continuously enhance the penetration of Generative AI in enterprise and personal application scenarios, and capture the opportunity of AI Native Super Applications.
- **Developing industry-leading multimodal large models:** Leveraging unique visual and multimodal reasoning data reservoirs and visual structured compression technologies, we will develop next-generation super assistants and Agent applications, positioning ourselves for breakthrough in commercialization.
- **Enhancing commercialization of Computer Vision:** We will continuously upgrade the business model of Computer Vision, focusing on proven use cases with high-value clients. By promoting world-leading product solutions to domestic and international customers, we will establish a high-value commercialization.

The “X” business represents the portfolio of ecosystem companies incubated by the Group, including smart auto, smart healthcare, smart retail and home robotics. These ecosystem companies will focus on their respective verticals, while fully sharing the AI infrastructure and latest large model developments of the Group and realizing synergy with the Group. Ecosystem companies will attract talent through competitive incentives. In addition, ecosystem companies have obtained more flexible financing options. Notably, five ecosystem companies have completed external capital from the end of 2024 to the beginning of 2025. These accomplishments not only validated the ecosystem’s commercial viability but also crystallized market recognition of SenseTime’s value proposition.

On behalf of the management, I extend heartfelt appreciation to our shareholders, partners, and dedicated employees. Your unwavering confidence and support have been instrumental in executing our AI 2.0 roadmap – a strategy anchored in sustainable growth, profitability, and maintaining our position as the industry’s innovation benchmark. Moving forward, we remain committed to upholding SenseTime’s pioneering ethos. With the audacious spirit of “sailing against the current, daring to be the first,” we will continue to push the frontier in this technological revolution.

## MANAGEMENT DISCUSSION AND ANALYSIS

Year ended December 31, 2024 compared to Year ended December 31, 2023

The following table sets forth the comparative figures for the Year ended December 31, 2024 and 2023:

	<b>Year ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>3,772,101</b>	3,405,842
Cost of sales	<b>(2,152,404)</b>	(1,905,055)
<b>Gross profit</b>	<b>1,619,697</b>	1,500,787
Selling expenses	<b>(654,693)</b>	(818,731)
Administrative expenses	<b>(1,463,598)</b>	(1,510,855)
Research and development expenses	<b>(4,131,884)</b>	(3,465,766)
Net impairment losses on financial assets and contract assets	<b>(780,956)</b>	(1,835,246)
Other income	<b>343,351</b>	291,500
Other gains/(losses) – net	<b>538,829</b>	(808,244)
<b>Operating loss</b>	<b>(4,529,254)</b>	(6,646,555)
Finance income	<b>449,010</b>	341,977
Finance cost	<b>(179,932)</b>	(146,661)
<b>Finance income – net</b>	<b>269,078</b>	195,316
Share of losses of investments accounted for using the equity method	<b>(4,376)</b>	(20,813)
Fair value losses of preferred share	<b>(35,114)</b>	(32,110)
<b>Loss before income tax</b>	<b>(4,299,666)</b>	(6,504,162)
Income tax (expenses)/credit	<b>(6,918)</b>	9,492
<b>Loss for the year</b>	<b>(4,306,584)</b>	(6,494,670)
<b>Loss is attributable to:</b>		
Equity holders of the Company	<b>(4,278,383)</b>	(6,440,159)
Non-controlling interests	<b>(28,201)</b>	(54,511)
	<b>(4,306,584)</b>	(6,494,670)
<b>Non-IFRS measures:</b>		
Adjusted EBITDA	<b>(3,089,189)</b>	(4,369,023)
Adjusted net loss	<b>(4,252,720)</b>	(5,414,139)

## Revenue

Our revenue increased by 10.8% to RMB3,772.1 million in 2024, compared to RMB3,405.8 million in 2023, primarily driven by continued expansion of Generative AI. The following table sets out a breakdown of our revenue streams in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31			
	2024		2023	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Generative AI	<b>2,404.0</b>	<b>63.7</b>	1,183.7	34.8
Smart Auto	<b>256.2</b>	<b>6.8</b>	383.7	11.3
Computer Vision	<b>1,111.9</b>	<b>29.5</b>	1,838.4	53.9
<b>Total</b>	<b><u>3,772.1</u></b>	<b><u>100.0</u></b>	<b><u>3,405.8</u></b>	<b><u>100.0</u></b>

Our Generative AI revenue increased by 103.1% to RMB2,404.0 million in 2024, compared to RMB1,183.7 million in 2023, as the demand for Generative AI model training, fine-tuning, and inference has experienced exponential growth. We have also continued to commercialize our Generative AI related applications in a number of verticals including internet, intelligent hardware, robotics, healthcare and finance.

Our Smart Auto revenue decreased by 33.2% to RMB256.2 million in 2024, compared to RMB383.7 million in 2023, primarily due to the decrease in revenue from V2X business as a result of strategic focus on Smart Cabin and Smart Pilot, especially on development of mass-produced, end-to-end autonomous driving. Additionally, revenue from R&D services to a global auto OEM decreased as this auto OEM shifts its focus towards collaboration on pre-installed products in the future.

Our Computer Vision revenue decreased by 39.5% to RMB1,111.9 million in 2024, compared to RMB1,838.4 million in 2023, as we continue to focus on the highest quality customers and begin to proactively introduce our Generative AI capabilities to our Computer Vision customers.

## Cost of sales

Our cost of sales increased by 13.0% from RMB1,905.1 million in 2023 to RMB2,152.4 million in 2024. 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 years indicated:

	Year ended December 31			
	2024		2023	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Hardware costs and subcontracting service fees	1,705.4	79.2	1,537.9	80.8
AIDC operation costs	124.7	5.8	63.7	3.3
Employee benefit expenses	62.2	2.9	82.8	4.3
Depreciation and amortization	217.3	10.1	188.2	9.9
Other expenses	42.8	2.0	32.5	1.7
<b>Total</b>	<b>2,152.4</b>	<b>100.0</b>	<b>1,905.1</b>	<b>100.0</b>

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. AIDC-related depreciation and operation costs grew faster than total cost of sales due to our continued expansion of Generative AI-related services.

## Gross Profit and Gross Margin

Our gross profit increased by 7.9% from RMB1,500.8 million in 2023 to RMB1,619.7 million in 2024, which is largely in line with the increase of revenue. Our gross margin slightly decreased from 44.1% in 2023 to 42.9% in 2024, mainly due to higher hardware and AIDC-related costs, as driven by customer demand in 2024.

## Research and Development Expenses

Our research and development expenses increased by 19.2% from RMB3,465.8 million in 2023 to RMB4,131.9 million in 2024, 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 20.0% from RMB818.7 million in 2023 to RMB654.7 million in 2024, primarily due to decrease in employee benefit expenses and marketing and travelling expenses.

## Administrative Expenses

Our administrative expenses decreased by 3.1% from RMB1,510.9 million in 2023 to RMB1,463.6 million in 2024, 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 57.4% from RMB1,835.2 million in 2023 to RMB781.0 million in 2024 primarily due to strengthened collection of account receivables and the fact that we have already provided ample balance sheet provisions for account receivables.

## **Other Income**

Our other income increased by 17.8% from RMB291.5 million in 2023 to RMB343.4 million in 2024 primarily due to an increase in government grants.

## **Other Gains/(Losses) – Net**

We had net other gains of RMB538.8 million in 2024 compared to net other losses of RMB808.2 million in 2023. The net other gains in 2024 primarily consist of gains on disposal of subsidiaries amounting to RMB242.9 million, fair value gains on financial assets at fair value through profit or loss amounting to RMB163.0 million and net foreign exchange gains of RMB107.4 million.

## **Finance Income – Net**

Net finance income increased by 37.8% from RMB195.3 million in 2023 to RMB269.1 million in 2024, due to gains from remeasurement of put option liabilities.

## **Fair Value Losses of Preferred Share**

Fair value losses of preferred share increased from RMB32.1 million in 2023 to RMB35.1 million in 2024 resulting from changes in the fair value change of preferred shares issued by a subsidiary of the Company.

## **Income Tax (Expenses)/Credit**

We had income tax expenses of RMB6.9 million in 2024, compared to income tax credit of RMB9.5 million in 2023 primarily due to decrease of tax losses in 2024.

## **Loss for the year**

As a result of the foregoing, we had a loss of RMB4,306.6 million in 2024, compared with a loss of RMB6,494.7 million in 2023. 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 years to EBITDA/adjusted EBITDA for the years indicated:

	<b>Year ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB million</i></b>	<b><i>RMB million</i></b>
<b>Loss before income tax</b>	<b>(4,299.7)</b>	<b>(6,504.2)</b>
Add:		
Finance income, net	<b>(269.1)</b>	<b>(195.3)</b>
Depreciation and amortization	<b>1,425.7</b>	<b>1,249.9</b>
	<b><u>(3,143.1)</u></b>	<b><u>(5,449.6)</u></b>
<b>EBITDA</b>		
Add:		
Fair value losses of preferred share	<b>35.1</b>	<b>32.1</b>
Share-based compensation expenses	<b>177.7</b>	<b>324.0</b>
Fair value (gains)/losses on financial assets at fair value through profit or loss	<b>(163.0)</b>	<b>724.4</b>
Professional service fees in connection with equity fundraising	<b>4.0</b>	<b>–</b>
	<b><u>4.0</u></b>	<b><u>–</u></b>
<b>Adjusted EBITDA</b>	<b><u><u>(3,089.2)</u></u></b>	<b><u><u>(4,369.0)</u></u></b>

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

	<b>Year ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB million</i></b>	<b><i>RMB million</i></b>
<b>Net losses for the year</b>	<b>(4,306.6)</b>	<b>(6,494.7)</b>
Add:		
Fair value losses of preferred share	<b>35.1</b>	32.1
Share-based compensation expenses	<b>177.7</b>	324.0
Fair value (gains)/losses on financial assets at fair value through profit or loss	<b>(163.0)</b>	724.4
Professional service fees in connection with equity fundraising	<b>4.0</b>	–
<b>Adjusted net losses</b>	<b><u>(4,252.7)</u></b>	<b><u>(5,414.1)</u></b>

### **Trade, Other Receivables and Prepayments**

Our trade, other receivables and prepayments decreased from RMB5,159.3 million as of December 31, 2023 to RMB5,068.0 million as of December 31, 2024, 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:

	<b>Year ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB million</i></b>	<b><i>RMB million</i></b>
Trade receivables		
– Due from related parties	<b>13.9</b>	3.0
– Due from third parties	<b>6,959.7</b>	7,909.0
Provision for impairment	<b>(4,581.9)</b>	(4,191.4)
<b>Total</b>	<b><u>2,391.7</u></b>	<b><u>3,720.6</u></b>

Our net trade receivables decreased as of December 31, 2024, compared to that as of December 31, 2023.

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

	<b>Year ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB million</i></b>	<b><i>RMB million</i></b>
Up to 6 months	<b>863.4</b>	1,039.7
6 months to 1 year	<b>278.4</b>	242.9
1 to 2 years	<b>262.5</b>	1,891.9
2 to 3 years	<b>1,748.2</b>	3,195.9
More than 3 years	<b>3,821.1</b>	1,541.6
	<b><u>6,973.6</u></b>	<b><u>7,912.0</u></b>

As of December 31, 2024, the aging of our gross trade receivables has worsened, compared to that as of December 31, 2023. 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 2023, 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.

## LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from capital contribution from Shareholders. We had cash and cash equivalents of RMB8,888.0 million and term deposits of RMB2,970.5 million as of December 31, 2024, compared to the balance of RMB9,423.5 million and RMB1,099.9 million as of December 31, 2023.

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

	Year ended December 31	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Net cash used in operating activities	<b>(3,926.7)</b>	(3,234.3)
Net cash (used in)/generated from investing activities	<b>(2,796.5)</b>	3,458.4
Net cash generated from financing activities	<b>6,259.9</b>	1,083.6
Net (decrease)/increase in cash and cash equivalents	<b>(463.3)</b>	1,307.7
Cash and cash equivalents at the beginning of the year	<b>9,423.5</b>	7,962.8
Exchange changes on cash and cash equivalents	<b>(72.2)</b>	153.0
Cash and cash equivalents at the end of the year	<b>8,888.0</b>	9,423.5

### 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 year ended December 31, 2024, net cash used in operating activities was RMB3,926.7 million, which was primarily attributable to our loss before income tax, as adjusted by (i) depreciation and amortization, fair value gains 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 increased in 2024 primarily due to increased prepayments to further secure computing power for expansion of our Generative AI business.

### Net Cash (Used in)/Generated from Investing Activities

For the year ended December 31, 2024, net cash used in investing activities was RMB2,796.5 million, which was mainly attributable to purchase of property, plant and equipment, and increase in investments in term deposits.

### Net Cash Generated from Financing Activities

For the year ended December 31, 2024, net cash generated from financing activities was RMB6,259.9 million, which was mainly attributable to net proceeds from placing ordinary shares and borrowings.



## **Borrowings**

As of December 31, 2023 and December 31, 2024, we had total borrowings of RMB4,473.1 million and RMB5,921.8 million, respectively. Repayment analysis and the currency denomination of bank borrowings of the Group as at December 31, 2024 are set out in Note 14 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, Singapore and Middle East. These subsidiaries considered RMB, HKD, JPY, SGD and AED as their functional currencies, respectively.

We are primarily exposed to changes in RMB/HKD and HKD/USD exchange rates. We did not engage in hedging activities designed or intended to manage foreign exchange rate risk during 2024. However, 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 December 31, 2024, the Group had 3,756 employees. The number of employees employed by the Group varies from time to time depending on needs.

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 the Global Offering**

The Class B Shares of the Company were listed on the Main Board of the Stock Exchange on December 30, 2021. The net proceeds received by the Company from the Global Offering (as defined in the Prospectus), including the full exercise of the over-allotment option, were approximately HK\$6,351.0 million. Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus and the results announcement for the year ended December 31, 2023 of the Company dated March 26, 2024 for details of the intended use of proceeds and the expected timeframe for utilisation of the proceeds.

As of 31 December, 2024, all of the net proceeds had been utilised by the Group in accordance with the intended purposes and expected timeframe stated in the Prospectus and the results announcement of the Company for the year ended December 31, 2023.

Intended purposes as set out in the Prospectus	Planned proportion of the net proceeds	Planned use of the net proceeds	Net proceeds unused as of December 31, 2023	Actual use of net proceeds during the Reporting Period	Net proceeds unused as of December 31, 2024	Expected timeline for fully utilising the net proceeds from the Global Offering
	(%)	(Approximately HK\$ million)	(Approximately HK\$ million)	(Approximately HK\$ million)	(Approximately HK\$ million)	
(i) Enhancing our research and development capabilities	60.0	3,810.6	-	-	-	N.A.
(ii) Expansion of our business	15.0	952.7	44.8	44.8	-	N.A.
(iii) Pursuing strategic investment and acquisition opportunities	15.0	952.7	-	-	-	N.A.
(iv) Working capital and general corporate purposes	10.0	635.0	-	-	-	N.A.
<b>Total</b>	<b>100.0</b>	<b>6,351.0</b>	<b>44.8</b>	<b>44.8</b>	<b>-</b>	

The utilization of the net proceeds has been converted from RMB into HKD at an exchange rate of RMB0.81912 to HKD1.00 (the reference exchange rate used in the Prospectus). No representation is made that any amount in HKD or RMB could have been or could be converted at the above rates or of any other rates.

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

### *June 2024 Placing*

On June 21, 2024, the Company entered into a placing agreement (the “June 2024 Placing Agreement”) with Guotai Junan Securities (Hong Kong) Limited and Huatai Financial Holdings (Hong Kong) Limited in relation to the placing of 1,673,446,000 new Class B Shares at HK\$1.20 per placing share to not less than six placees who and whose ultimate beneficial owner(s) (where applicable) shall be independent third parties (the “June 2024 Placing”). All the conditions set out in the June 2024 Placing Agreement were fulfilled and the June 2024 Placing was completed on June 27, 2024, where a total of 1,673,446,000 placing shares, representing approximately 6.06% of the number of the then issued Class B Shares and approximately 4.76% 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\$1.20 pursuant to the terms and conditions of the June 2024 Placing Agreement. For details, please refer to the announcements of the Company dated June 21, 2024 and June 27, 2024 respectively.

The Directors considered that the June 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 June 2024 Placing, after deducting the placing commission and other relevant costs and expenses of the June 2024 Placing, amounted to approximately HK\$1,995.1 million (representing a net issue price of approximately HK\$1.19 per placing share). The Company intended 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 December 31, 2024, 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 June 2024 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 December 31, 2024 (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	698.3	698.3	–	N.A.
Supporting the further development of Generative AI	30.0	598.5	598.5	–	N.A.
General working capital	35.0	698.3	698.3	–	N.A.
<b>Total</b>	<b>100.0</b>	<b>1,995.1</b>	<b>1,995.1</b>	<b>–</b>	

### ***December 2024 Placing***

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 December 2024 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 building of an industry-leading AI cloud, 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 December 31, 2024, none 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 December 2024 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 December 31, 2024 (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 (including the building of AI cloud)	35.0	975.50	–	975.50	By end of 2025
Supporting the further development of Generative AI	30.0	836.10	–	836.10	By end of 2025
General working capital	35.0	975.50	–	975.50	By end of 2025
<b>Total</b>	<b>100.0</b>	<b>2,787.1</b>	<b>–</b>	<b>2,787.1</b>	

### Gearing Ratio

As of December 31, 2024, our gearing ratio was -2.0%, 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 December 31, 2024, we did not have any material contingent liabilities.

### Significant Investments held

As of December 31, 2024, 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 year ended December 31, 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **Pledge of Assets**

As of December 31, 2024, we pledged certain buildings and land use rights with carrying amount of RMB4,204.8 million and restricted guarantee deposits amounting to RMB161.5 million for borrowings.

## **Future Plans for Material Investments and Capital Assets**

As of December 31, 2024, 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.



**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

		<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	<i>3(a), 4(b)</i>	<b>3,772,101</b>	3,405,842
Cost of sales	<i>5</i>	<u><b>(2,152,404)</b></u>	<u>(1,905,055)</u>
<b>Gross profit</b>		<b>1,619,697</b>	1,500,787
Selling expenses	<i>5</i>	<b>(654,693)</b>	(818,731)
Administrative expenses	<i>5</i>	<b>(1,463,598)</b>	(1,510,855)
Research and development expenses	<i>5</i>	<b>(4,131,884)</b>	(3,465,766)
Net impairment losses on financial assets and contract assets		<b>(780,956)</b>	(1,835,246)
Other income		<b>343,351</b>	291,500
Other gains/(losses) - net	<i>6</i>	<u><b>538,829</b></u>	<u>(808,244)</u>
<b>Operating loss</b>		<b>(4,529,254)</b>	(6,646,555)
Finance income		<b>449,010</b>	341,977
Finance cost		<u><b>(179,932)</b></u>	<u>(146,661)</u>
<b>Finance income – net</b>		<b>269,078</b>	195,316
Share of losses of investments accounted for using the equity method		<b>(4,376)</b>	(20,813)
Fair value losses of preferred share		<u><b>(35,114)</b></u>	<u>(32,110)</u>
<b>Loss before income tax</b>		<b>(4,299,666)</b>	(6,504,162)
Income tax (expenses)/credit	<i>7</i>	<u><b>(6,918)</b></u>	<u>9,492</u>
<b>Loss for the year</b>		<u><b>(4,306,584)</b></u>	<u>(6,494,670)</u>
<b>Loss is attributable to:</b>			
Equity holders of the Company		<b>(4,278,383)</b>	(6,440,159)
Non-controlling interests		<u><b>(28,201)</b></u>	<u>(54,511)</u>
		<u><b>(4,306,584)</b></u>	<u>(6,494,670)</u>
<b>Loss per share for loss attributable to equity holders of the Company</b>			
Basic and diluted loss per share (RMB)	<i>8</i>	<u><b>(0.13)</b></u>	<u>(0.20)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the year</b>	<b><u>(4,306,584)</u></b>	<b><u>(6,494,670)</u></b>
<b>Other comprehensive income</b>		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(533,931)	(516,492)
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	706,707	734,548
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	<u>(7,642)</u>	<u>(3,747)</u>
<b>Other comprehensive income for the year, net of taxes</b>	<b><u>165,134</u></b>	<b><u>214,309</u></b>
<b>Total comprehensive loss for the year</b>	<b><u>(4,141,450)</u></b>	<b><u>(6,280,361)</u></b>
Total comprehensive loss for the year is attributable to:		
Equity holders of the Company	(4,109,769)	(6,232,073)
Non-controlling interests	<u>(31,681)</u>	<u>(48,288)</u>
	<b><u><u>(4,141,450)</u></u></b>	<b><u><u>(6,280,361)</u></u></b>

**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

		<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	7,277,392	7,378,707
Right-of-use assets		239,470	349,554
Intangible assets		238,550	325,675
Contract assets	4(d)	21,386	10,802
Investments accounted for using the equity method		702,405	135,235
Deferred income tax assets		743,763	725,440
Restricted cash		51,417	153,986
Financial assets at fair value through profit or loss	12	6,363,496	6,527,475
Long-term receivables		35,303	87,251
Other non-current assets		699,557	253,425
		<u>16,372,739</u>	<u>15,947,550</u>
<b>Current assets</b>			
Inventories		452,307	506,128
Contract assets	4(d)	5,717	19,785
Trade, other receivables and prepayments	11	5,067,957	5,159,278
Financial assets at fair value through profit or loss	12	701,087	521,805
Restricted cash		141,210	210,085
Term deposits		2,970,506	1,099,898
Cash and cash equivalents		8,887,988	9,423,495
		<u>18,226,772</u>	<u>16,940,474</u>
<b>Total assets</b>		<u><u>34,599,511</u></u>	<u><u>32,888,024</u></u>
<b>Equity</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		6	5
Other reserves		76,069,902	71,666,422
Currency translation reserves		4,303,417	4,127,161
Accumulated losses		(56,912,551)	(52,634,168)
		<u>23,460,774</u>	<u>23,159,420</u>
<b>Non-controlling interests</b>		<u>180,931</u>	<u>(3,947)</u>
<b>Total equity</b>		<u><u>23,641,705</u></u>	<u><u>23,155,473</u></u>

		<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b> (Restated)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	<i>14</i>	<b>4,681,464</b>	4,278,686
Lease liabilities		<b>99,259</b>	145,290
Deferred income tax liabilities		<b>16,521</b>	10,383
Contract liabilities	<i>4(e)</i>	<b>54,478</b>	24,650
Deferred revenue		<b>212,087</b>	305,664
Other financial liabilities		<b>1,103,866</b>	530,471
Long-term payables	<i>13(b)</i>	<b>36,190</b>	5,294
		<hr/> <b>6,203,865</b>	<hr/> 5,300,438
<b>Current liabilities</b>			
Borrowings	<i>14</i>	<b>1,240,334</b>	194,429
Trade and other payables	<i>13(a)</i>	<b>1,788,754</b>	2,262,133
Lease liabilities		<b>97,276</b>	146,410
Contract liabilities	<i>4(e)</i>	<b>276,913</b>	265,959
Deferred revenue		<b>142,069</b>	113,368
Current income tax liabilities		<b>3,548</b>	21,701
Preferred share liabilities		<b>1,205,047</b>	1,144,805
Put option liability		<b>–</b>	283,308
		<hr/> <b>4,753,941</b>	<hr/> 4,432,113
<b>Total liabilities</b>		<hr/> <b>10,957,806</b>	<hr/> 9,732,551
<b>Total equity and liabilities</b>		<hr/> <b>34,599,511</b>	<hr/> 32,888,024
<b>Net current assets</b>		<hr/> <b>13,472,831</b>	<hr/> 12,508,361
<b>Total assets less current liabilities</b>		<hr/> <b>29,845,570</b>	<hr/> 28,455,911

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Equity attributable to equity holders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Currency translation reserves RMB'000	Accumulated losses RMB'000	Total RMB'000		
<b>As at 1 January 2024</b>	<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>
<b>Comprehensive loss</b>							
Loss for the year	-	-	-	(4,278,383)	(4,278,383)	(28,201)	(4,306,584)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	-	(7,642)	-	-	(7,642)	-	(7,642)
Exchange differences on translation of foreign operations	-	-	176,256	-	176,256	(3,480)	172,776
<b>Total comprehensive loss</b>	<u>-</u>	<u>(7,642)</u>	<u>176,256</u>	<u>(4,278,383)</u>	<u>(4,109,769)</u>	<u>(31,681)</u>	<u>(4,141,450)</u>
<b>Transactions with equity holders</b>							
Placing of ordinary shares	1	4,369,166	-	-	4,369,167	-	4,369,167
Treasury shares issued to employees	-	94,319	-	-	94,319	-	94,319
Transactions with non-controlling interests	-	(31,585)	-	-	(31,585)	31,585	-
Recognition of financial instruments with preferred rights at amortised cost	-	(184,974)	-	-	(184,974)	184,974	-
Purchase of ordinary shares of the Company for share award scheme	-	(13,530)	-	-	(13,530)	-	(13,530)
Share-based compensation	-	177,726	-	-	177,726	-	177,726
<b>Total transactions with equity holders</b>	<u>1</u>	<u>4,411,122</u>	<u>-</u>	<u>-</u>	<u>4,411,123</u>	<u>216,559</u>	<u>4,627,682</u>
<b>As at 31 December 2024</b>	<u><u>6</u></u>	<u><u>76,069,902</u></u>	<u><u>4,303,417</u></u>	<u><u>(56,912,551)</u></u>	<u><u>23,460,774</u></u>	<u><u>180,931</u></u>	<u><u>23,641,705</u></u>

	Equity attributable to equity holders of the Company						
	Share capital <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Currency translation reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
<b>As at 1 January 2023</b>	5	71,248,900	3,915,328	(46,194,009)	28,970,224	43,636	29,013,860
<b>Comprehensive loss</b>							
Loss for the year	-	-	-	(6,440,159)	(6,440,159)	(54,511)	(6,494,670)
Effects of changes in credit risk for financial liabilities designated as at fair value through profit or loss	-	(3,747)	-	-	(3,747)	-	(3,747)
Exchange differences on translation of foreign operations	-	-	211,833	-	211,833	6,223	218,056
<b>Total comprehensive loss</b>	-	(3,747)	211,833	(6,440,159)	(6,232,073)	(48,288)	(6,280,361)
<b>Transactions with equity holders</b>							
Treasury shares issued to employees	-	100,285	-	-	100,285	-	100,285
Transactions with non-controlling interests	-	(3,011)	-	-	(3,011)	705	(2,306)
Share-based compensation	-	323,995	-	-	323,995	-	323,995
<b>Total transactions with equity holders</b>	-	421,269	-	-	421,269	705	421,974
<b>As at 31 December 2023</b>	<b>5</b>	<b>71,666,422</b>	<b>4,127,161</b>	<b>(52,634,168)</b>	<b>23,159,420</b>	<b>(3,947)</b>	<b>23,155,473</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

		<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>			
Cash used in operations		<b>(3,900,712)</b>	(3,212,329)
Income tax paid		<b>(26,016)</b>	(21,931)
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(3,926,728)</b>	(3,234,260)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(934,633)</b>	(1,356,449)
Purchase of intangible assets		<b>(194,144)</b>	(161,421)
Proceeds from disposal of property, plant and equipment and intangible assets		<b>9,055</b>	12,121
Net cash outflow from disposal of subsidiaries		<b>(238,564)</b>	–
Increase in investments accounted for using the equity method		<b>(16,159)</b>	(101,759)
Dividend and interest received from financial assets at fair value through profit and loss		<b>8,956</b>	12,697
Acquisition of debt and equity investments	<i>12</i>	<b>(484,085)</b>	(591,971)
Disposal of debt and equity investments	<i>12</i>	<b>850,284</b>	49,082
Net (increase)/decrease in investments in term deposits		<b>(1,855,438)</b>	5,098,149
Interest received from banks		<b>216,434</b>	356,068
Acquisition of structured deposits	<i>12</i>	<b>(3,529,000)</b>	(4,875,000)
Disposal of structured deposits	<i>12</i>	<b>3,369,048</b>	5,016,856
Proceeds from disposal of associates		<b>1,778</b>	–
		<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>		<b>(2,796,468)</b>	3,458,373

**Year ended 31 December**

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>1,837,972</b>	1,644,677
Repayments of borrowings	<b>(390,140)</b>	(402,068)
Interest paid	<b>(173,107)</b>	(130,561)
Principal elements of lease payments	<b>(129,258)</b>	(182,017)
Interest elements of lease payments	<b>(8,925)</b>	(13,989)
Payment of purchase of non-controlling interests	–	(2,306)
Capital injection by limited partners of investment fund controlled by the Group	<b>414,272</b>	214,571
Decrease/(Increase) in restricted cash for the issuance of bank borrowings	<b>163,880</b>	(75,704)
Repurchase of ordinary shares	<b>(13,530)</b>	–
Capital contribution by non-controlling shareholder	<b>184,974</b>	–
Net payment of settlement of put option liability	<b>(21,330)</b>	–
Proceeds from placing of ordinary shares	<b>4,369,167</b>	–
Proceeds from exercise of restricted shares and share options	<b>25,899</b>	30,980
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	<b>6,259,874</b>	1,083,583
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(463,322)</b>	1,307,696
	<hr/>	<hr/>
Cash and cash equivalents at beginning of year	<b>9,423,495</b>	7,962,813
Effect of foreign exchange rates changes	<b>(72,185)</b>	152,986
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>8,887,988</b>	9,423,495
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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, Artificial Intelligence Data Center (“**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 Group 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.

These consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 26 March 2025.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS and interpretations issued by IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities which measured at fair value.

## 2.2 Changes in accounting policy and disclosures

### (a) Amendments to standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its financial year commencing 1 January 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease liability in sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Since the effective of amendments to IAS 1 “Classification of Liabilities as current or non-current” and the preferred share liability are classified as current liabilities as at 31 December 2024 and 2023 respectively. Other than mentioned above, the adoption of these amended standards did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (b) New standards and amendments to standards not yet adopted

The followings are new standards and amendments that have been issued but are not effective for the year ended December 31, 2024, and have not been early adopted by the Group. The Group plans to adopt these new standards and amendments when they become effective:

Standards and amendments		Effective for accounting periods beginning on or after
IAS 21 (Amendment)	Lack of Exchangeability	January 1, 2025
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 19	Subsidiaries without public accountability: disclosures	January 1, 2027
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027

According to the assessment made by the directors of the Company, these new standards and amendments are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective.

### 3 SEGMENT INFORMATION

The Company develops software and hardware products for different industry verticals and use cases 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 segregate 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

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 for the year ended 31 December 2024:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	3,201,529	2,907,390
Northeast Asia	354,337	343,040
Southeast Asia	52,108	66,062
Others*	164,127	89,350
	<u>3,772,101</u>	<u>3,405,842</u>

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

#### (b) Non-current assets by geographical

The total of the non-current assets including property, plant and equipment, right-of-use assets and intangible assets as at 31 December 2024, broken down by the location of the assets, is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	7,588,715	7,900,623
Northeast Asia	42,673	72,276
Southeast Asia	3,941	14,437
Others*	120,083	66,600
	<u>7,755,412</u>	<u>8,053,936</u>

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

## 4 REVENUE

### (a) Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for the year ended 31 December 2024 (year ended 31 December 2023: here is no major customer which contributed more than 10% of total revenue) are listed as below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
<b>Percentage of revenue from the major customers to the total revenue of the Group</b>		
Client A	12.2%	–

### (b) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
<b>Revenue</b>		
– recognised at a point in time	3,036,401	2,823,288
– recognised over time	735,700	582,554
	<u>3,772,101</u>	<u>3,405,842</u>

(c) During the year ended 31 December 2024, the Group determines revenue should be reported on a gross or net basis based on principle/agent assessment and revenue are primarily reported on a gross basis.

### (d) Contract assets

The Group has recognised the following contract assets with customers:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current assets	6,906	23,875
Loss allowance	(1,189)	(4,090)
	<u>5,717</u>	<u>19,785</u>
Non-current assets	25,836	13,035
Loss allowance	(4,450)	(2,233)
	<u>21,386</u>	<u>10,802</u>
	<u>27,103</u>	<u>30,587</u>



(e) **Contract liabilities**

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current</b>		
Deferred service fee income	<b>19,608</b>	31,934
Advances from customers	<b>257,305</b>	234,025
	<b>276,913</b>	<b>265,959</b>
<b>Non-current</b>		
Deferred service fee income	<b>54,478</b>	24,650

The addition of contract liabilities was mainly due to the increase of cash payments made upfront by the Group's customers under sales contract. The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of the year, recognised during the year ended 31 December 2024 relates to carried-forward contract liabilities:

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue recognised that were included in the contract liabilities at the beginning of the year	<b>123,064</b>	108,720

**Unsatisfied performance obligations**

The following table shows unsatisfied performance obligations resulting from long-term contracts:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	<b>74,086</b>	56,584

Management expects that 26% (2023: 56%) of the transaction price allocated to unsatisfied performance obligations as of 31 December 2024 will be recognised as revenue during the next year. The remaining 74% (2023: 44%) will be recognised over one year.

All other contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 5 EXPENSES BY NATURE

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses	3,351,243	3,507,229
Hardware costs and project subcontracting service fee	1,705,440	1,537,925
Depreciation and amortisation	1,425,691	1,249,924
Server operation and cloud based service fee	623,715	123,392
Professional service and other consulting fee	590,882	634,984
Marketing and travelling expenses	212,196	254,375
Utilities, property management and administrative expenses	202,472	188,564
Data labelling fee	112,726	53,718
Research and development tools and consumables	62,520	37,305
Taxes and surcharges	41,441	56,214
Auditor's remuneration		
– Audit services	13,990	15,290
– Non-audit services	737	698
Other expenses	59,526	40,789
	<b>8,402,579</b>	<b>7,700,407</b>

## 6 OTHER GAINS/(LOSSES) - NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value gains/(losses) on financial assets at fair value through profit or loss ( <i>Note 12</i> )	162,996	(724,426)
Changes on net asset value of investment funds attributable to limited partners	27,803	(10,363)
Gains on disposal of subsidiaries ( <i>i</i> )	242,901	–
Donations	(2,530)	(902)
Net foreign exchange gains/(losses)	107,389	(67,838)
Losses on disposal of property, plant and equipment	(3,714)	(4,499)
Gains/(losses) on early termination of leasing contracts	1,462	(2,372)
Others	2,522	2,156
	<b>538,829</b>	<b>(808,244)</b>

(i) During the year ended 31 December 2024, the Group disposed its interests in certain subsidiaries to third parties and lost control over these subsidiaries and one of them became associate of the Group. The Group recognised net losses amounted RMB12,788,000 based on cash consideration of RMB137,410,000, the fair value of the associates amounted RMB100,500,000 on disposal date and the carrying amount of net assets of these subsidiaries amounted RMB250,698,000.

During the year ended 31 December 2024, certain subsidiaries of the Group issued new equity interests to third parties and these subsidiaries were no longer controlled by the Group and became associates to the Group. The Group recognised net gain amounted RMB255,689,000 on disposal of subsidiaries based on the fair value of associates as at disposal date amounted RMB456,714,000 and the carrying amount of net assets of these subsidiaries amounted RMB201,025,000.

## 7 INCOME TAX (EXPENSES)/CREDIT

### (i) Cayman Islands

The Company was redomiciled in 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

Entities incorporated in Hong Kong are subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits in the first HKD2 million and 16.5% for any assessable profits in excess of HKD2 million.

### (iv) Singapore

Entities incorporated in Singapore are subject to income tax at a rate of 17% for the year ended 31 December 2024 (2023: 17%).

### (v) Malaysia

Malaysia income tax rate is 24% for the year ended 31 December 2024 (2023: 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 year ended 31 December 2024 (2023: 20%).

### (vii) The United Arab Emirates

Enterprises incorporated in The United Arab Emirates are subject to UAE Corporate Tax starting from 1 January 2024 at a rate of 9% where the taxable income exceeding AED0.375 million.

**(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, based on the existing legislation, interpretations and practices in respect thereof.

Beijing SenseTime Technology Development Co., Ltd., Shanghai SenseTime Intelligent Technology Co., Ltd. and Shanghai Sensetime Shancui Medical Technology Co., Ltd. were qualified as “High and New Technology Enterprises” (“HNTes”) under the relevant PRC laws and regulations. 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 qualified as HNTes and were registered in such special zones. Accordingly, these entities were entitled to a preferential income tax rate of 15% in 2024. This status of HNTes is subject to a requirement that Beijing SenseTime Technology Development Co., Ltd., Shenzhen SenseTime Technology Co., Ltd., Shanghai SenseTime Intelligent Technology Co.,Ltd., Shanghai SenseTime Technology Development Co., Ltd., Shenzhen Tetras.AI Technology Co., Ltd., Shanghai Lingang SenseAuto Intelligent Technology Co., Ltd. and Shanghai Sensetime Shancui Medical Technology Co., Ltd. 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 meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

During the year ended 31 December 2024, no deferred income tax liability on WHT was accrued as at the end of each reporting period because the subsidiaries of the Group were accumulated losses making in these periods (2023: nil).

The Group shall be subject to withholding tax in respect of the taxable income derived from the provision of technical services between the subsidiaries across the countries, the applicable tax rate is 25% applied with a deemed profit rate according to the PRC tax regulation.

The income tax (expenses)/credit of the Group is analysed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax	(20,020)	(25,878)
Deferred income tax	13,102	35,370
Income tax (expenses)/credit	<u>(6,918)</u>	<u>9,492</u>

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
Loss before tax	<b>(4,299,666)</b>	(6,504,162)
Tax calculated at statutory tax rates applicable to each group entity	<b>669,983</b>	1,012,381
Tax effects of:		
Super deduction for research and development expenses (a)	<b>298,779</b>	216,850
Income not subject to tax	<b>302,025</b>	–
Associates and joint ventures' results reported net of tax	<b>(47,647)</b>	(4,006)
Expenses not deductible for tax purpose (b)	<b>(40,793)</b>	(49,940)
Tax losses for which no deferred income tax asset was recognised (c)	<b>(949,931)</b>	(722,622)
Other temporary difference for which no deferred income tax asset was recognised	<b>(82,387)</b>	(140,006)
Accrued withholding tax	<b>(14,468)</b>	(27,241)
Reversal of previously recognised deferred tax assets for tax losses and temporary differences	<b>(143,713)</b>	(276,439)
Others	<b>1,234</b>	515
	<hr/>	<hr/>
Tax (expenses)/credit	<b>(6,918)</b>	9,492
	<hr/> <hr/>	<hr/> <hr/>

**(a) Super deduction for research and development expenses**

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, for the period from 1 January 2022 to 30 September 2022, enterprises engaging in qualified research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year; for the period from 1 October 2022 to 31 December 2024, enterprises engaging in qualified research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

**(b) Expenses not deductible for tax purpose**

Expenses not deductible for tax purpose include share base payment expenses, business entertainment expenses exceeding threshold, employee commercial insurance expenses, non-deductible donations etc.

(c) ***Tax losses for which no deferred income tax assets was recognised***

The Group only recognised deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2024, the Group did not recognise deferred income tax assets of RMB3,188,508,000 (2023: RMB2,360,896,000). The expiration dates of unused tax losses for which no deferred tax asset has been recognised are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
2025	158,641	182,591
2026	448,986	614,929
2027	906,661	1,153,087
2028	1,454,641	1,787,016
2029	2,373,852	1,207,191
2030	1,294,693	1,211,519
2031	1,469,986	1,365,475
2032	2,407,531	2,322,636
2033	2,385,798	2,158,600
2034	3,247,401	–
Indefinitely	2,478,759	1,384,363
	<b>18,626,949</b>	<b>13,387,407</b>

**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 year ended 31 December 2024:

	Year ended 31 December	
	2024	2023
Loss attributable to equity holders of the Company (RMB'000)	(4,278,383)	(6,440,159)
Weighted average number of ordinary shares in issue (thousand)	33,371,312	32,222,681
Basic loss per share (expressed in RMB per share)	<b>(0.13)</b>	<b>(0.20)</b>

**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. 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 year ended 31 December 2024, 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 year ended 31 December 2024 is the same as basic loss per share of the respective year (2023: same as basic loss per share of the respective year).



## 9 DIVIDENDS

No dividend had been declared or paid by the Company during the year ended 31 December 2024 (2023: nil).

## 10 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities (a) <i>RMB'000</i>	Property improvement <i>RMB'000</i>	Large-scale electronic equipment <i>RMB'000</i>	Computers and related equipment <i>RMB'000</i>	Office equipment and furniture <i>RMB'000</i>	Transportation equipment and vehicles <i>RMB'000</i>	Other equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 1 January 2024</b>									
Cost	4,567,174	412,066	3,986,353	702,503	75,904	60,317	36,727	126,667	9,967,711
Accumulated depreciation	(277,109)	(251,896)	(1,503,121)	(477,220)	(34,839)	(35,023)	(9,796)	-	(2,589,004)
<b>Net book amount</b>	<b>4,290,065</b>	<b>160,170</b>	<b>2,483,232</b>	<b>225,283</b>	<b>41,065</b>	<b>25,294</b>	<b>26,931</b>	<b>126,667</b>	<b>7,378,707</b>
<b>Year ended 31 December 2024</b>									
Opening net book amount	4,290,065	160,170	2,483,232	225,283	41,065	25,294	26,931	126,667	7,378,707
Additions	-	46,920	533,456	173,575	8,805	8,107	4,410	278,955	1,054,228
Internal transfer	198,042	126,081	48,011	763	-	671	-	(373,568)	-
Disposals	-	(138)	(1,468)	(2,381)	(7,206)	(1,719)	(423)	(136)	(13,471)
Disposals of subsidiaries	-	(27,007)	(30,416)	(4,734)	(5,738)	-	-	-	(67,895)
Depreciation charge	(130,114)	(72,464)	(695,147)	(147,509)	(11,547)	(9,592)	(4,781)	-	(1,071,154)
Currency translation differences	(1,355)	136	180	(963)	711	(758)	(1,010)	36	(3,023)
<b>Closing net book amount</b>	<b>4,356,638</b>	<b>233,698</b>	<b>2,337,848</b>	<b>244,034</b>	<b>26,090</b>	<b>22,003</b>	<b>25,127</b>	<b>31,954</b>	<b>7,277,392</b>
<b>At 31 December 2024</b>									
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)
<b>Net book amount</b>	<b>4,356,638</b>	<b>233,698</b>	<b>2,337,848</b>	<b>244,034</b>	<b>26,090</b>	<b>22,003</b>	<b>25,127</b>	<b>31,954</b>	<b>7,277,392</b>

	Buildings and facilities (a) <i>RMB'000</i>	Property improvement <i>RMB'000</i>	Large-scale electronic equipment <i>RMB'000</i>	Computers and related equipment <i>RMB'000</i>	Office equipment and furniture <i>RMB'000</i>	Transportation equipment and vehicles <i>RMB'000</i>	Other equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 1 January 2023</b>									
Cost	4,561,346	236,224	2,733,558	603,069	61,054	56,438	34,945	439,678	8,726,312
Accumulated depreciation	(146,898)	(192,468)	(961,027)	(372,693)	(23,577)	(25,149)	(5,490)	-	(1,727,302)
<b>Net book amount</b>	<b>4,414,448</b>	<b>43,756</b>	<b>1,772,531</b>	<b>230,376</b>	<b>37,477</b>	<b>31,289</b>	<b>29,455</b>	<b>439,678</b>	<b>6,999,010</b>
<b>Year ended 31 December 2023</b>									
Opening net book amount	4,414,448	43,756	1,772,531	230,376	37,477	31,289	29,455	439,678	6,999,010
Additions	119	1,439	1,042,455	122,917	18,077	1,463	7,015	105,331	1,298,816
Internal transfer	6,525	174,319	231,812	180	9	5,522	-	(418,367)	-
Disposals	-	(14)	(2,933)	(6,671)	(1,651)	(1,079)	(4,626)	-	(16,974)
Depreciation charge	(130,252)	(59,428)	(560,833)	(121,101)	(12,522)	(11,669)	(4,358)	-	(900,163)
Currency translation differences	(775)	98	200	(418)	(325)	(232)	(555)	25	(1,982)
<b>Closing net book amount</b>	<b>4,290,065</b>	<b>160,170</b>	<b>2,483,232</b>	<b>225,283</b>	<b>41,065</b>	<b>25,294</b>	<b>26,931</b>	<b>126,667</b>	<b>7,378,707</b>
<b>At 31 December 2023</b>									
Cost	4,567,174	412,066	3,986,353	702,503	75,904	60,317	36,727	126,667	9,967,711
Accumulated depreciation	(277,109)	(251,896)	(1,503,121)	(477,220)	(34,839)	(35,023)	(9,796)	-	(2,589,004)
<b>Net book amount</b>	<b>4,290,065</b>	<b>160,170</b>	<b>2,483,232</b>	<b>225,283</b>	<b>41,065</b>	<b>25,294</b>	<b>26,931</b>	<b>126,667</b>	<b>7,378,707</b>

(a) As at 31 December 2024, certain buildings with carrying amount of RMB4,142,979,000 (31 December 2023: RMB4,272,828,000) were pledged as collaterals for the Group's borrowings (Note 14).

(b) Depreciation charges were expensed off in the following categories in the consolidated income statements:

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
- Cost of sales	<b>213,005</b>	184,580
- Selling expenses	<b>16,627</b>	20,263
- Administrative expenses	<b>202,533</b>	191,724
- Research and development expenses	<b>638,989</b>	503,596
	<b>1,071,154</b>	<b>900,163</b>

(c) Impairment assessment for property, plant and equipment, right-of-use assets and intangible assets

According to IAS 36 “Impairment of assets”, when any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each cash generating unit (“CGU”). The CGU defined of the Group is an individual entity. As at 31 December 2024, the Group continue to incur net losses as the Group was still in the stage of expanding its business and operations in the rapidly growing AI software market, and are continuously investing in research and development. The Group considered these CGUs had impairment indicators and therefore performed impairment test on them.

For the purpose of impairment review, the carrying amount of these CGUs were compared to the corresponding recoverable amount, which were based predominantly on value-in-use. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amount of each of the CGUs respectively and leveraged management’s extensive experiences in the AI industry and provided forecast based on past performance and their expectation of future business plans and market developments. As a result, no impairment loss on these CGUs is required to be recognised for the year ended 31 December 2024 (2023: nil).

The following table sets out the key assumptions adopted by management in the impairment assessment:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
Gross margin rate (%)	<b>27% to 65%</b>	37% to 99%
Annual revenue growth rate (%)	<b>5% to 49%</b>	2% to 68%
Pre-tax discount rate (%)	<b>17% to 22%</b>	17% to 19%

The budgeted gross margin rate and budgeted annual revenue growth rate used in the impairment testing were determined by management based on past performance and its expectation for market development. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. These estimates and judgments may be affected by unexpected changes in the future market or economic conditions. The directors of the Company have considered the reasonably possible changes to the key assumptions as adopted in the impairment assessments and considered will not result in any impairment charge to be recognised.

## 11 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Notes receivables (a)	70,206	62,236
Provision for impairment	<u>(49,033)</u>	<u>(49,021)</u>
	<u>21,173</u>	<u>13,215</u>
Trade receivables (b)		
– Due from related parties	13,852	2,992
– Due from third parties	<u>6,959,714</u>	<u>7,909,027</u>
Gross trade receivables	6,973,566	7,912,019
Provision for impairment	<u>(4,581,875)</u>	<u>(4,191,392)</u>
	<u>2,391,691</u>	<u>3,720,627</u>
Other receivables (c)		
– Refundable deposits (i)	81,565	46,639
– Loans to related parties (ii)	114,430	666
– Payments on behalf of customers (iii)	412,814	438,988
– Others (iv)	<u>210,304</u>	<u>74,865</u>
Gross other receivables	819,113	561,158
Provision for impairment (v)	<u>(396,712)</u>	<u>(394,223)</u>
	<u>422,401</u>	<u>166,935</u>
Prepayments	1,448,577	578,734
Input VAT to be deducted	<u>784,115</u>	<u>679,767</u>
Total trade, other receivables and prepayments	<u><u>5,067,957</u></u>	<u><u>5,159,278</u></u>

As at 31 December 2024, the fair value of trade and other receivables of the Group, except for the prepayments and input VAT to be deducted which are not financial assets, approximated their carrying amounts.

The carrying amounts of the Group's notes receivables, trade, other receivables and prepayments, excluding provision for impairment, are denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
– RMB	9,544,130	9,182,932
– USD	340,050	282,200
– MYR	64,410	80,080
– SGD	43,920	102,307
– Saudi Riyal (“SAR”)	41,275	22,795
– HKD	26,126	77,060
– JPY	17,450	37,902
– Others	18,216	8,638
	<u>10,095,577</u>	<u>9,793,914</u>

**(a) Notes receivables**

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

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Bank's notes receivables		
– Up to 6 months	20,743	13,236
Commercial notes receivables		
– Up to 6 months	463	–
– Over 1 year	49,000	49,000
	<u>70,206</u>	<u>62,236</u>

**(b) Trade receivables**

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:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Up to 6 months	863,425	1,039,742
6 months to 1 year	278,411	242,863
1 to 2 years	262,468	1,891,876
2 to 3 years	1,748,177	3,195,901
More than 3 years	3,821,085	1,541,637
	<u>6,973,566</u>	<u>7,912,019</u>

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors.

### ***Impairment and risk exposure***

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowance for trade receivables as at 31 December 2024 are determined as follows:

As at 31 December 2024, the loss allowance of individually impaired trade receivables is determined as follows:

<b>Individual</b>	<b>Trade receivables RMB'000</b>	<b>Expected credit loss rate %</b>	<b>Loss allowance RMB'000</b>	<b>Reason</b>
Trade receivables	<b>1,214,060</b>	<b>77.16%</b>	<b>(936,767)</b>	<b>The likelihood of recovery</b>

As at 31 December 2024, the loss allowance of collectively impaired trade receivables is determined as follows:

<b>At 31 December 2024</b>	<b>Up to 6 months</b>	<b>6 months to 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>Over 4 years</b>	<b>Total</b>
Expected credit loss rate	6.15%	15.80%	41.21%	64.00%	81.55%	100.00%	N.A.
Gross carrying amount – trade receivables (RMB'000)	<u>860,087</u>	<u>278,278</u>	<u>262,169</u>	<u>1,474,035</u>	<u>2,103,532</u>	<u>781,405</u>	<u>5,759,506</u>
Loss allowance (RMB'000)	<u>(52,886)</u>	<u>(43,963)</u>	<u>(108,031)</u>	<u>(943,395)</u>	<u>(1,715,428)</u>	<u>(781,405)</u>	<u>(3,645,108)</u>

As at 31 December 2023, the loss allowance of individually impaired trade receivables is determined as follows:

<b>Individual</b>	<b>Trade receivables RMB'000</b>	<b>Expected credit loss rate %</b>	<b>Loss allowance RMB'000</b>	<b>Reason</b>
Trade receivables	<b>959,677</b>	<b>69.18%</b>	<b>(663,922)</b>	<b>The likelihood of recovery</b>

As at 31 December 2023, the loss allowance of collectively impaired trade receivables is determined as follows:

<b>At 31 December 2023</b>	<b>Up to 6 months</b>	<b>6 months to 1 year</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	<b>Over 4 years</b>	<b>Total</b>
Expected credit loss rate	14.53%	27.90%	43.18%	58.38%	75.54%	100.00%	N.A.
Gross carrying amount – trade receivables (RMB'000)	<u>1,039,635</u>	<u>242,753</u>	<u>1,715,868</u>	<u>2,804,371</u>	<u>895,657</u>	<u>254,058</u>	<u>6,952,342</u>
Loss allowance (RMB'000)	<u>(151,044)</u>	<u>(67,720)</u>	<u>(740,980)</u>	<u>(1,637,059)</u>	<u>(676,609)</u>	<u>(254,058)</u>	<u>(3,527,470)</u>



(c) **Other receivables**

(i) ***Refundable deposits***

Refundable deposits consist primarily of security deposits for rental and projects.

(ii) ***Loans to related parties***

The loans to related parties represent the loans granted to related parties for their general business operations by the Group. These loans were repayable on demand.

(iii) ***Payments on behalf of customers***

Payments on behalf of customers represent receivables arising from the sales transactions the Group acting as an agent. The Group assessed whether revenue should be reported on a gross or net basis for each sales transaction. For certain sales transactions where the Group acts as agent, revenue is recorded on a net basis and the receivables arising from these transactions were recorded in other receivables.

(iv) ***Others***

Others primarily include staff advance and receivables due from staff for the exercise of restricted shares and share options.

(v) ***Impairment and risk exposure***

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences incorporating forward-looking information. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

## 12 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 at fair value through other comprehensive income (“**FVOCI**”);
- 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 (“**OCI**”).

Financial assets mandatorily measured at FVPL include the following:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>		
Debt investments (a)		
– Unlisted	<b>3,196,029</b>	3,486,248
– Investments in bonds	<b>1,270,576</b>	1,636,209
– Fund	<b>747,755</b>	643,921
Equity investments (b)		
– Listed	<b>782,940</b>	412,342
– Unlisted	<b>366,196</b>	348,755
	<b>6,363,496</b>	6,527,475
<b>Current assets</b>		
Structured deposits (c)	<b>701,087</b>	521,805
	<b>7,064,583</b>	7,049,280

**(a) Debt investments**

The movement of the debt investments is analysed as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
At beginning of the year	<b>5,766,378</b>	5,798,760
Additions	<b>420,135</b>	472,857
Disposals	<b>(526,911)</b>	(5,627)
Transfer to equity investments	<b>(663,622)</b>	–
Fair value changes	<b>172,070</b>	(555,787)
Currency translation differences	<b>46,310</b>	56,175
At end of the year	<b>5,214,360</b>	5,766,378

The Group made investments in various industry companies in the form of convertible redeemable preferred share, 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 is analysed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	761,097	877,773
Additions	63,950	122,088
Transfer from debt investments	663,622	–
Disposals	(323,373)	(43,455)
Fair value changes	(28,404)	(200,176)
Currency translation differences	12,244	4,867
	<u>1,149,136</u>	<u>761,097</u>

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) Structured deposits**

Structured deposits represented the wealth management products issued by reputable banks in Mainland China or in Hong Kong. The wealth management products were non-principal protected with maturity of less than 1 year.

The movement of the wealth management products is analysed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	521,805	632,124
Additions	3,529,000	4,875,000
Disposals	(3,369,048)	(5,016,856)
Fair value changes	19,330	31,537
	<u>701,087</u>	<u>521,805</u>

**(d) Amounts recognised in the consolidated income statement**

During the year ended 31 December 2024, the following (losses)/gains were recognised in the consolidated income statement:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value (losses)/gains on investments in:		
Debt investments	172,070	(555,787)
Equity investments	(28,404)	(200,176)
Structured deposits	19,330	31,537
	<u>162,996</u>	<u>(724,426)</u>

## 13 TRADE AND OTHER PAYABLES AND LONG-TERM PAYABLES

### (a) Trade and other payables

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
– Third parties	462,873	840,767
– Related parties	9,091	790
Long-term payables due within 1 year	22,333	16,000
Other payables		
– Third parties	539,049	502,520
– Related parties	7,452	6,641
Payables on purchase of property, plant and equipment and intangible assets	269,557	416,090
Accrued taxes other than income tax	80,143	72,087
Staff salaries and welfare payables	362,926	366,766
VAT payables related to contract liabilities	27,334	31,505
Accrued warranty expenses	7,996	8,967
	<u>1,788,754</u>	<u>2,262,133</u>

- (i) The carrying amounts of trade and other payables are considered to be approximated to their fair values, due to their short-term nature.
- (ii) Aging analysis of the trade payables based on purchase date at the end of 31 December 2024 are as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	272,711	599,714
6 months to 1 year	12,341	115,885
1 to 2 years	68,551	79,267
More than 2 years	118,361	46,691
	<u>471,964</u>	<u>841,557</u>

### (b) Long-term payables

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Long-term payables	<u>36,190</u>	<u>5,294</u>

Long-term payables represented the obligations to pay for goods and licensed intellectual properties with payments due more than one year. The fair values of long-term payables as at 31 December 2024 were RMB35,107,000 (2023: RMB5,190,000).

## 14 BORROWINGS

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-Current</b>		
Bank borrowing – secured (a)	3,719,739	3,532,070
Bank borrowing – guaranteed (b)	1,133,685	764,346
Bank borrowing – unsecured and unguaranteed	40,000	–
Less: current portion of non-current borrowings	<u>(211,960)</u>	<u>(17,730)</u>
	<u>4,681,464</u>	<u>4,278,686</u>
<b>Current</b>		
Short-term borrowing – guaranteed (b)	473,350	132,760
Short-term borrowing – unsecured and unguaranteed	550,234	–
Short-term borrowing – secured (a)	–	40,000
Current portion of non-current borrowings	211,960	17,730
Interest payable	<u>4,790</u>	<u>3,939</u>
	<u>1,240,334</u>	<u>194,429</u>
<b>Total</b>	<u><u>5,921,798</u></u>	<u><u>4,473,115</u></u>

### (a) Secured bank borrowings

As at 31 December 2024, the Group had non-current 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) (31 December 2023: bank borrowings with carrying amount of RMB259,080,000 which were secured by the Group's restricted deposits of USD43,900,000 (equivalent to RMB323,984,000)).

As at 31 December 2024, the Group had a non-current bank borrowing with carrying amount of RMB1,930,239,000 (31 December 2023: RMB1,608,850,000) 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 RMB1,013,970,000 and land use right with a carrying amount of RMB61,811,000 (31 December 2023: buildings (Note 10(a)) with a carrying amount of RMB1,074,851,000 and land use right with a carrying amount of RMB63,164,000 respectively were also pledged as collaterals for this bank borrowing.

As at 31 December 2024, the Group had a non-current bank borrowing with carrying amount of RMB1,660,140,000 which was pledged by certain buildings (Note 10(a)) with a carrying amount of RMB3,129,009,000 as a collateral for the Group's borrowings. (31 December 2023: bank borrowing with carrying amount of RMB1,664,140,000 which was pledged by certain buildings (Note 10(a)) with a carrying amount of RMB3,197,977,000 as a collateral for the Group's borrowings).

**(b) Guaranteed bank borrowings**

As at 31 December 2024, the Group had non-current bank borrowing with carrying amount of RMB142,000,000 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 2023: bank borrowing with a carrying amount of RMB143,000,000).

As at 31 December 2024, the Group had non-current bank borrowings with carrying amount of RMB581,985,000 which were guaranteed by SenseTime Group Limited. (31 December 2023: bank borrowing with a carrying amount of RMB542,346,000).

As at 31 December 2024, the Group had non-current bank borrowings with carrying amount of RMB109,700,000 which were guaranteed by Beijing SenseTime. (31 December 2023: bank borrowing with a carrying amount of RMB79,000,000).

As at 31 December 2024, the Group had non-current bank borrowings with carrying amount of RMB300,000,000 which were guaranteed by Shanghai SenseTime.

As at 31 December 2024, the Group had current bank borrowings with carrying amount of RMB465,350,000 which were guaranteed by SenseTime Group Limited (31 December 2023: bank borrowing with a carrying amount of RMB132,760,000).

As at 31 December 2024, the Group had current bank borrowings with carrying amount of RMB8,000,000 which were guaranteed by Shanghai SenseTime.

The Group's borrowings are all denominated in RMB.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier were as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
6 months or less	966,915	111,500
Between 6 and 12 months	268,630	78,990
Between 1 and 2 years	1,093,809	298,810
Between 2 and 5 years	1,866,514	1,673,138
Over 5 years	1,721,140	2,306,738
	<u>5,917,008</u>	<u>4,469,176</u>

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

	As at 31 December 2024		As at 31 December 2023	
	Amount	Interest rate	Amount	Interest rate
	<i>RMB'000</i>	<i>Per annum</i>	<i>RMB'000</i>	<i>Per annum</i>
RMB bank borrowings	<u>5,917,008</u>	<u>1.95%~3.80%</u>	<u>4,469,176</u>	<u>1.95%~3.80%</u>

As at 31 December 2024, the weighted average effective interest rate for borrowings was 2.89% (2023: 3.23%).

The fair values of current borrowings equal to their carrying amount as the discounting impact is not significant.

The fair values of non-current borrowings as at 31 December 2024 were disclosed as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Non-current borrowings	<b><u>4,663,793</u></b>	<u>4,234,911</u>

## **15 EVENTS AFTER THE BALANCE SHEET DATE**

On 20 February 2025, the Group announced that Shanghai SenseTime Shancui Medical Technology Co., Ltd. has successfully completed its first round of financing, which exceeds RMB100,000,000. This round was co-led by Infore Investment and Renwei Medical Technology Development Company (a subsidiary of People's Medical Publishing House Co., Ltd.), with participation from several other investment institutions. The funds raised will be used to advance the development and commercialization of its medical large model "Da Yi" and the "SenseCare Smart Hospital" integrated solution.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Reporting Period and up to the date of this announcement, 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).

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there was no other significant events that may affect the Group since the end of the Reporting Period.

## **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 the corporate governance requirements under the Corporate Governance Code set out in Part 2 of Appendix C1 to the Listing Rules, save for code provision C.2.1 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 be performed by different individuals. 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.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024.

## **ANNUAL GENERAL MEETING**

The AGM will be held on June 26, 2025. A notice convening the AGM will be published and despatched to the Shareholders (if requested) in the manner required by the Listing Rules in due course.



## **CLOSURE OF THE REGISTER OF MEMBERS**

For the purposes of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 20, 2025 to June 26, 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on June 19, 2025.

## **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 and up to the date of this announcement.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive loss, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on announcement.

## **AUDIT COMMITTEE**

As disclosed in the announcement of the Company dated March 14, 2025, following the resignation of Mr. Li Wei as independent non-executive Director, the Company is temporarily unable to comply with, amongst others, 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). The Board is currently identifying suitable candidate to fill the vacancy as soon as practicable and within three months from 15 March 2025 to ensure compliance with the aforementioned requirements under the Listing Rules.

The Audit Committee (comprising one independent non-executive Director, Mr. Lyn Frank Yee Chon (being the chairman of the Audit Committee), and the non-executive Director, Ms. Fan Yuanyuan) has reviewed the consolidated financial statements 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 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement has been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.sensetime.com](http://www.sensetime.com). The annual report of the Company for the year ended December 31, 2024 will be published on the aforesaid 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:

“AGM”	the annual general meeting for the year ended December 31, 2024 to be held on June 26, 2025 or any adjournment thereof
“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)”	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 codes: 0020 (HKD Counter) and 80020 (RMB Counter))
“Director(s)”	the director(s) of the Company
“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 (within the meaning ascribed thereto under the Listing Rules)
“Group”, “SenseTime” or “we”	the Company and its subsidiaries and consolidated affiliated entities
“HKD”	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”	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

“Prospectus”	the prospectus of the Company dated December 7, 2021, as supplemented by the supplemental prospectus of the Company dated December 20, 2021
“Reporting Period”	the year ended December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SGD”	Singapore Dollars, the lawful currency of Singapore
“AED”	Arab Emir Dirham, the lawful currency of the United Arab Emirates
“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
“USD”	United States Dollars, the lawful currency of the United States

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, March 26, 2025

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

*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.*