北京第四範式智能技術股份有限公司

Beijing Fourth Paradigm Technology Co., Ltd.

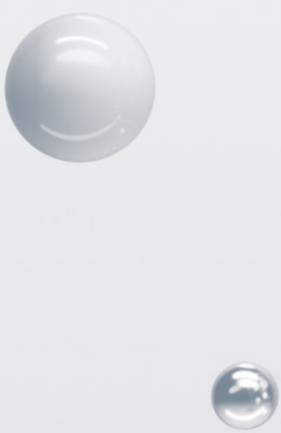
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6682

2024

Annual Report

CONTENTS



BOARD OF DIRECTORS

Executive Directors

Dr. Dai Wenyuan (戴文淵)
(Chairman, Chief Executive Officer and General Manager)
Mr. Chen Yuqiang (陳雨強) *(Chief Research Scientist)*
Mr. Yu Zhonghao (于中灝)
(Vice Chairman and Senior Vice President[(1)])

Non-executive Directors

Dr. Yang Qiang (楊強)
Mr. Dou Shuai (竇帥)
Mr. Zhang Jing (張晶)

Independent Non-executive Directors

Mr. Li Jianbin (李建濱)
Mr. Liu Chijin (劉持金)
Ms. Ke Yele (柯燁樂)

AUDIT COMMITTEE

Mr. Li Jianbin (李建濱) *(Chairman)*
Mr. Liu Chijin (劉持金)
Dr. Yang Qiang (楊強)

REMUNERATION COMMITTEE

Ms. Ke Yele (柯燁樂) *(Chairlady)*
Dr. Yang Qiang (楊強)
Mr. Li Jianbin (李建濱)

NOMINATION COMMITTEE

Dr. Dai Wenyuan (戴文淵) *(Chairman)*
Mr. Liu Chijin (劉持金)
Ms. Ke Yele (柯燁樂)[(2)]

SUPERVISORS

Mr. Chai Yifei (柴亦飛)
Ms. Zhou Wenjing (周文靜)
Ms. Shao Liling (邵麗玲)

REGISTERED OFFICE

No. L01301-1, Level 13
Building 1, No. 66
Qinghe Middle Street
Haidian District, Beijing
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block A, Hongyuan New Era
Shangdi West Road
Haidian District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

HONG KONG LEGAL ADVISER

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F
Edinburgh Tower,
The Landmark
15 Queen's Road Central
Central
Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Yu Zhonghao (于中灝)
Ms. Yeung Siu Wai Kitty (楊小慧)

JOINT COMPANY SECRETARIES

Mr. Peng Jun[(3)] (彭駿)
Ms. Yeung Siu Wai Kitty (楊小慧)

PRINCIPAL BANKS

China Merchants Bank, Haidian Branch
No. 56, North 4th Ring Road West
Beijing, the PRC

Industrial and Commercial Bank of China, Haidian West District Branch
No. 65, North 4th Ring Road West
Beijing, the PRC

STOCK CODE

6682

COMPANY'S WEBSITE

www.4paradigm.com

Notes:

(1) With effect from June 20, 2024, Mr. Yu Zhonghao was promoted to the position of vice chairman and senior vice president and ceased to hold the position of chief financial officer of the Company. For details, please refer to the announcement of the Company dated June 20, 2024.

(2) With effect from March 31, 2025, Mr. Li Jianbin has ceased to be a member of the Nomination Committee; and Ms. Ke Yele has been appointed as a member of the Nomination Committee.

(3) Mr. Peng Jun was appointed as the joint company secretary of the Company, with effect from January 21, 2025.

FINANCIAL HIGHLIGHTS FOR THE YEAR

	Year ended December 31,				
	2024		2023		
	Amount (RMB'000)	Percentage of total revenue	Amount (RMB'000)	Percentage of total revenue	YoY change
Revenue	5,260,650	100.0	4,204,142	100.0	25.1%
Gross profit	2,244,829	42.7	1,979,548	47.1	13.4%
Loss for the year	(296,267)	(5.6)	(920,569)	(21.9)	–67.8%
Loss for the year attributable to the owners of the Company	(268,788)	(5.1)	(908,717)	(21.6)	–70.4%
Non-IFRS measures:					
Adjusted net loss	(292,470)	(5.6)	(415,459)	(9.9)	–29.6%

FINANCIAL HIGHLIGHTS FOR FIVE YEARS

	Year ended December 31,/As at December 31,				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	942,238	2,018,399	3,082,637	4,204,142	5,260,650
Gross profit	429,735	953,475	1,486,646	1,979,548	2,244,829
Operating loss	(560,066)	(1,172,806)	(1,025,902)	(545,434)	(355,082)
Loss before income tax	(749,483)	(1,791,699)	(1,665,094)	(930,829)	(290,088)
Loss for the year	(750,210)	(1,802,068)	(1,653,421)	(920,569)	(296,267)
Loss for the year attributable to the owners of the Company	(749,650)	(1,785,655)	(1,644,897)	(908,717)	(268,788)
Assets					
Non-current assets	213,667	1,352,969	1,800,817	1,490,748	1,897,380
Current assets	1,802,342	5,095,715	4,918,167	5,656,526	5,690,265
Total assets	2,016,009	6,448,684	6,718,984	7,147,274	7,587,645
Equity and liabilities					
Equity attributable to owners of the Company	(1,178,023)	(351,021)	(1,574,712)	5,349,122	5,062,119
Non-controlling interests	(4,976)	103,008	113,701	103,392	8,769
(Deficit on total equity)/Total equity	(1,182,999)	(248,013)	(1,461,011)	5,452,514	5,070,888
Non-current liabilities	2,937,677	5,939,764	6,628,886	51,610	19,252
Current liabilities	261,331	756,933	1,551,109	1,643,150	2,497,505
Total liabilities	3,199,008	6,696,697	8,179,995	1,694,760	2,516,757
Total equity and liabilities	2,016,009	6,448,684	6,718,984	7,147,274	7,587,645

Dear Shareholders,

I am pleased to present our annual report for the year ended December 31, 2024 to our shareholders.

BUSINESS REVIEW AND OUTLOOK

In 2024, against the backdrop of China's accelerated development of the next generation of artificial intelligence, the Company achieved strong growth in its overall business, with its core business performing exceptionally well. As a leading domestic artificial intelligence technology service provider, we seized the historic opportunities presented by the booming industry, continuously driving technological innovation and application expansion.

In 2024, the Company's total revenue reached RMB5.261 billion, representing a YoY increase of 25.1%. Gross profit was RMB2.245 billion, with a gross profit margin of 42.7%, maintaining overall stability. With clear profitability goals, the annual loss attributable to the owners of the Company was RMB269 million, with a reduction of RMB640 million compared to the full year of 2023, narrowing by 70.4% YoY. The adjusted net loss for the year was RMB292 million, with a reduction of RMB123 million compared to the full year of 2023, narrowing by 29.6% YoY. This marks the fourth consecutive fiscal year of sequential loss reduction since 2021.

During this Period, benefiting from the rapid penetration of the "AI agent + Vertical World Model" strategy and the accelerated deployment of ecosystem products, the Company's Sage AI Platform business achieved significant growth, with revenue reaching RMB3.676 billion, a YoY increase of 46.7%, driving steady performance improvement. According to the latest report from the internationally authoritative research firm IDC, the Company has maintained its position as the leader in China's machine learning platform market share for six consecutive years.

During the Reporting Period, we continued to expand our customer base, enhance the depth of customer service, and increase user stickiness, achieving deep industry coverage. We leveraged artificial intelligence technology to contribute value across various industries, deepening our presence in energy and power, finance, telecommunications, transportation, and other sectors, while actively expanding in strategic areas such as manufacturing, healthcare, retail, and water resources. In 2024, the number of lighthouse users served by the Company reached 161, a YoY increase of 16%. Centered on our commitment to creating value for customers, the average revenue per lighthouse user was RMB19.1 million, with a Net Dollar Expansion Rate (NDER)[1] of 110% for lighthouse users in 2024.

We remain committed to innovation-driven development, with R&D expenses for the Period reaching RMB2.170 billion, accounting for 41.2% of revenue. During the Reporting Period, the Company continued to invest in the development of its core product, the 4Paradigm Sage AI Platform, and launched a significant version update in March – the Sage AI Platform 5.0, positioned as an industry-focused large model development and management platform. This iteration provides end-to-end capabilities across the computing layer, platform layer, model layer, and application layer. The Sage AI Platform 5.0 deeply integrates generative AI capabilities, creating an end-to-end enterprise-level AI platform that includes GPU resource pooling, automated data processing, model training and inference, and enterprise AI agent application suites, supporting the large-scale production and application of vertical world models.

[1] NDER (net dollar expansion rate) reflects our customer stickiness and willingness to pay. In this annual report, the denominator is the revenue contribution of lighthouse users in 2023, and the numerator is the revenue generated by the retained lighthouse users in 2024.

PERFORMANCE BY BUSINESS SEGMENTS

4Paradigm Sage AI Platform (4ParadigmSage)

In 2024, the revenue of the 4Paradigm Sage AI Platform (hereinafter referred to as the Sage AI Platform) reached RMB3.676 billion, representing a YoY increase of 46.7%. The revenue from the Sage AI Platform accounted for 69.9% of the Company's total revenue.

The Sage AI Platform serves as the core of the Group's all businesses. In 2024, we launched the vertical world model development and management platform, Sage AI Platform 5.0, and completed multiple minor version upgrades, achieving end-to-end capabilities across the computing layer, platform layer, model layer, and application layer. We continued to optimize key capabilities such as AI agent and GPU resource pooling. Among these, AI agent further enhanced its ability to solve complex problems and improve execution accuracy, covering the entire lifecycle of large model agent design, development, debugging, deployment, operational analysis, and iterative optimization, providing stable and reliable support for agent production and application. The GPU resource pooling capability enables enterprises to achieve platform-level management of hardware clusters, on-demand allocation of computing resources, and rapid scheduling, helping to address challenges such as low utilization of heterogeneous computing resources and high costs of adapting large models to computing power.

The AI agent field is a key focus of our R&D efforts in the current era of large models. With the improvement of related technological capabilities, we are actively exploring solutions and application areas in collaboration with key customers and partners. AI agent can decompose and plan complex tasks, better understand human instructions and intentions, and break down complex goals based on the reasoning capabilities of language models, dynamically adjusting strategies to respond to environmental changes. By integrating multimodal data, AI agent can achieve dynamic environmental perception and interaction, supporting the continuous learning and updating of world models regarding physical laws. Additionally, by leveraging underlying tool libraries, AI agent can proactively call external resources to complete tasks and assist in optimizing underlying vertical world models. We believe that in enterprise scenarios, AI agent can achieve comprehensive AI transformation of business processes through six core functions: customer agent, employee agent, creative agent, data agent, code agent, and security agent.

Over the past year, the Company has implemented a wide range of agent scenarios in enterprise business decision systems based on the massive vertical world models generated by the Sage Platform in numerous enterprise clients. These scenarios include financial credit risk control, water and electricity equipment maintenance, hydrological data monitoring, chronic disease management, intelligent course learning, automotive manufacturing MES system management, aerodynamic design, and more. These implementations have significantly enhanced the interaction and collaboration between enterprise business personnel and underlying decision systems, fully demonstrating the technical path of transforming enterprise software with generative capabilities.

At the same time, the Company, in collaboration with partners, has released several out-of-the-box user-level agent solutions, such as intelligent meeting solutions, intelligent mouse solutions, and desktop AI search tools. These solutions cover AI agent capabilities such as simultaneous interpretation, one-click translation, robotic assistants, AI writing, and intelligent cross-platform search, helping enterprise business personnel achieve a leap in daily work efficiency.

During the Reporting Period, the Company assisted clients in over 10 industries in the development and deployment of enterprise-level AI agents, accumulating extensive practical experience. The overall revenue of the Sage AI Platform is expected to achieve faster growth in the future as enterprise clients fully embrace agentic AI.

SHIFT Intelligent Solutions (4Paradigm SHIFT)

In 2024, the revenue from the SHIFT Intelligent Solutions business reached RMB1.022 billion, accounting for 19.4% of the Group's total revenue. As the Company's business expansion focus remains primarily on the Sage AI Platform, the development and growth of SHIFT Intelligent Solutions will continue to support the growth of the Sage AI Platform business. Due to the impact of the business expansion strategy, the revenue from this business decreased by 20.3% YoY.

SHIFT Intelligent Solutions are standardized solutions built on the Sage AI Platform, tailored to different industry business scenarios. These solutions enable our technology and capabilities to penetrate a wider range of industries and scenarios, addressing critical business challenges for traditional enterprises and driving digital and intelligent transformation across industries.

In 2024, we launched multiple solutions targeting various application scenarios and continued to update and iterate the functionalities and effectiveness of existing solutions to meet enterprise requirements for accuracy, reliability, and real-time performance in different vertical scenarios. Currently, our solutions are widely applied in key industries such as finance, energy and power, healthcare, retail, telecommunications, transportation, and academic translation. For example, in professional publishing-level translation services, the solution is based on a Mixture of Experts (MoE) model, trained on translation term libraries for hundreds of specialized fields such as philosophy, history, law, and economics, ensuring translation accuracy reaches "publishing-grade." This addresses core issues in traditional machine translation, such as poor accuracy, insufficient understanding of context, and heavy reliance on machine translation patterns.

4Paradigm SageGPT AIGS Services (4Paradigm AIGS)

In 2024, the revenue from the 4Paradigm SageGPT AIGS Services business reached RMB563 million, accounting for 10.7% of the Group's total revenue. This business provides efficient development tools and services based on generative AI for the Sage AI Platform business.

Currently, with the rapid development of generative AI technology, enterprises are increasingly relying on AI Coding tools to lower development barriers and improve the code development efficiency, so as to achieve the goal of transforming the enterprise software interaction and creating large-scale AI applications, and to comprehensively improve the intelligence level of enterprises. During the Period, we continued to upgrade and optimize the functionality and application performance of products, such as the enterprise software reconfiguration assistant AIGS Builder and the enterprise programming assistant AIGS CodeX, creating an enterprise-level "development assistant" that understands customers, businesses, knowledge and R&D, while enabling fast coding capabilities.

To lower development barriers, AIGS Builder features AI Agent, no-code programming, and multi-tool call, which enables full-stack development, transformation and deployment of intelligent software across the front end, back end, and database tasks replacing the complex interfaces of traditional software development. It even allows individuals without development or coding expertise to engage in software development through natural language description. The enterprise software development efficiency shifts from a "month" timeline to a "daily" or even "hourly" pace. After the transformation, the enterprise software was embedded in the new multi-modal "dialog box" interaction, acting as an intelligent assistant for employees' software operation. It solves the complex and low-efficiency issue of menu-based multi-click interactions in enterprise software, thereby significantly enhancing the user experience.

In terms of code efficiency, our AIGS CodeX goes beyond basic features, such as code completion, business Q&A, code review, unit testing and code interpretation. Additionally, it has been specifically tailored for enterprise-level customers by integrating a private code repository, incorporating RAG retrieval enhancement, and fine-tuning private models. This customization boosts both business code generation efficiency and the effectiveness of business Q&A.

CORE BUSINESS OUTLOOK

Deep Integration of AI agent and Decision AI, World Models Drive the Next Generation of Intelligence

In recent years, generative AI has gained widespread recognition globally. As an AI technology service provider with over a decade of experience in the enterprise service sector, we have a deeper and more accurate understanding of how to organically integrate these rapidly evolving AI technologies to empower our enterprise clients, create tangible business value, and deliver practical efficiency improvements for both enterprises and individuals. This aligns with our ultimate vision that has always guided the Group's business – AI for Everyone. Over the past two years, we have consistently maintained independent thinking and adhered to the principle of seeking truth from facts, striving to build an enterprise AI system architecture that deeply integrates AI agents with vertical world models. We have successfully implemented hundreds of agent applications across various industries, covering scenarios such as financial credit risk control, water and electricity equipment maintenance, hydrological data monitoring, chronic disease management, intelligent course learning, automotive manufacturing MES system management, and fluid dynamics design. These enterprise-level agent assistants have provided a solid foundation for numerous clients to achieve remarkable performance in the AI era.

Over the past decade, leveraging our experience in generating vertical world models for diverse industries, we have built a mature network that internalizes world knowledge. We believe such a world model can help us fully understand the laws of the world. On the other hand, with advancements in computing power and the continuous development of generative AI, we can more accurately understand the world environment in related tasks and participate in social interactions and human decision-making processes through the reach of agents. We believe that the combination of these two elements – using AI agents to understand human needs and leveraging corresponding vertical world models to solve problems, while continuously enhancing their respective capabilities – will ultimately drive the realization of Artificial General Intelligence (AGI).

During the 2025 Spring Festival, DeepSeek emerged as a standout among domestic large models. Known for its high performance, low cost, and complete open-source nature, DeepSeek has broken the constraints of traditional AI development models, fostering a thriving ecosystem for AI applications and significantly accelerating the development process of large AI models. Currently, AI is rapidly integrating into industries such as manufacturing, energy, and finance, driving leaps in production efficiency and service quality.

Recently, several large enterprises announced the completion of private deployments of the DeepSeek large model, fully integrating it into their proprietary systems. Behind this lies a vast demand for AI model deployment and integrated solutions. In March 2025, we partnered with Huawei to launch the SageOne IA large model inference integrated solution, providing a new generation of full-stack infrastructure that achieves full-chain localization from chips and frameworks to services. SageOne IA supports offline deployment and closed-loop data management, ensuring sensitive business data remains within the domain. Additionally, SageOne IA guarantees that data is stored locally, eliminating the risk of third-party cloud service data breaches from the source and allowing users full control over data access permissions.

In terms of performance, the full-capacity DeepSeek V3/R1 model can be supported by just two SageOne IA units. The SageOne IA solution also features intelligent computing power pooling technology, enabling seamless switching between the full-capacity model and multiple distilled models while supporting mainstream large models such as DeepSeek V3/R1, QWen2.5, and LLama3.3. This increases GPU utilization by over 30% and improves inference performance by an average of 5-10 times. Furthermore, SageOne IA comes with a built-in large model application development platform and a rich suite of out-of-the-box AI applications, helping developers efficiently create enterprise-level generative AI applications.

The market is currently in a strategic window for the development of the AI industry, and we anticipate rapid deployment of enterprise AI applications in the future. We believe that SageOne IA will embrace even broader development opportunities.

On-Device AI Poised for a Significant Development Stage, 2025 Expected to Be the Year of On-Device AI

On-device AI models, as a critical component of multi-device AI collaboration, will play a pivotal role in the journey toward Artificial General Intelligence (AGI). Currently, on-device AI is also a key direction for the deployment of AI agents. Compared to cloud deployment models, which may experience latency, on-device deployment ensures continuous operation with minimal delay even in unstable or offline network environments. Moreover, on-device AI processes all data locally, eliminating the need to upload data to the cloud. This not only mitigates potential risks of data breaches during transmission and storage but also reduces the likelihood of data being hacked or misused. Additionally, it significantly lowers server costs and API call expenses.

In January 2025, the launch of DeepSeek-R1 stirred the on-device AI market, becoming a key catalyst in the deployment of on-device AI. DeepSeek achieved a disruptive advantage of "low cost, high performance, and open-source" through distillation. Its unique technical architecture and optimization strategies drastically reduced the hardware resource requirements for models, making it possible to run high-performance AI models efficiently on on-device devices. The deployment of on-device AI is no longer entirely constrained by hardware computing power and energy efficiency, as large models distilled into smaller models have significantly increased the feasibility of on-device deployment.

We believe that DeepSeek is just the beginning. With the continuous development of on-device AI inference frameworks, on-device computing power, model distillation and pruning, and data privacy computing technologies, on-device AI is expected to enter a critical development stage, and 2025 is likely to mark the Year of On-Device AI.

In this context, the Company swiftly launched the ModelHub AIoT on-device inference solution in February 2025. This solution allows users to easily deploy small-sized distilled models such as DeepSeek R1, Qwen 2.5, and Llama 2/3 series on on-device devices for offline operation. It also enables flexible switching between multiple models, balancing model compression and inference performance while addressing the complexities of deployment and optimization. This solution not only meets users' demands for privacy and real-time performance but also significantly reduces the cost of large AI model inference.

With extensive experience in successful deployments across various industries, the Company has a deep understanding of enterprise client needs. In the future, on-device AI holds significant development potential in these industries as well. For example, in the industrial sector, on-device AI can optimize robot path planning to enhance flexible production efficiency, while in the energy sector, robots equipped with edge computing modules can achieve high-precision inspections. Against the backdrop of rapid on-device AI development, we anticipate that on-device AI modules powered by the Sage AI Platform will bridge the last mile of AI technology deployment in industrial applications and rapidly proliferate across various terminal devices.

Furthermore, the Company is actively collaborating with partners to integrate on-device computing power with AI model capabilities. By rapidly embedding AI capabilities through the Group's on-device AI modules, we aim to empower consumer electronics manufacturers to launch AI-enabled terminal products that resonate with their users at a lower threshold and cost. Recently, we have partnered with consumer electronics giants such as Acer, Lenovo, and Konka to develop a series of smart terminal products, including AI watches, AI earphones, and AI speakers. The Company firmly believes that the consumer electronics sector will serve as one of the core growth engines for its future business development. Through the integration of AI-driven software and hardware solutions, the Company is dedicated to transforming every conventional device into an AI-enabled intelligent terminal.

As an AI company committed to advancing AGI, the Company consistently maintains independent thinking in AI technology development, upholds the core value of AI for Everyone, and actively embraces and explores new possibilities. Looking ahead, we will build on our decade-long expertise in the enterprise service sector, look toward the broader AI market, and leverage our AI capabilities to transform all possible business domains. We believe that the convergence of these diverse capabilities will form the cornerstone for achieving AGI.

FINANCIAL REVIEW

In 2024, the Company's total revenue reached RMB5.261 billion, representing a YoY increase of 25.1%. Gross profit was RMB2.245 billion, with a gross profit margin of 42.7%, maintaining overall stability. With clear profitability goals, the annual loss attributable to the owners of the Company was RMB269 million, with a reduction of RMB640 million compared to the full year of 2023, narrowing by 70.4% YoY. The adjusted net loss for the year was RMB292 million, with a reduction of RMB123 million compared to the full year of 2023, narrowing by 29.6% YoY. This marks the fourth consecutive fiscal year of sequential loss reduction since 2021.

According to the latest report from the internationally authoritative research firm IDC, the Company has maintained its position as the leader in China's machine learning platform market share for six consecutive years.

Revenue

As a steadily growing and developing AI software company, Fourth Paradigm has further expanded its industry influence and business presence through our robust technological expertise and domain application experience. The Company has currently established three core business segments: Sage AI Platform, SHIFT Intelligent Solutions, and SageGPT AIGS Services. During the Reporting Period, our total revenue reached RMB5,260.7 million (same period in 2023: RMB4,204.1 million), reflecting a 25.1% YoY growth, primarily driven by substantial revenue growth from the Sage AI Platform. For the year ended December 31, 2024, revenue from the Sage AI Platform amounted to RMB3,675.9 million, representing a YoY increase of 46.7% and accounting for 69.9% of our total revenue. Revenue from SHIFT Intelligent Solutions totaled RMB1,022.3 million, a 20.3% decrease YoY, comprising 19.4% of our total revenue. Revenue from SageGPT AIGS Services reached RMB562.5 million, up 35.4% YoY. The table below provides a breakdown of our revenue by business segment for the periods indicated.

	Year ended December 31,		
	2024	2023	
	RMB in millions	RMB in millions	Change
Sage AI Platform	**3,675.9**	2,505.7	46.7%
SHIFT Intelligent Solutions	**1,022.3**	1,282.9	–20.3%
SageGPT AIGS Services	**562.5**	415.5	35.4%
Total	**5,260.7**	4,204.1	25.1%

Sage AI Platform

During the Reporting Period, revenue from the Sage AI Platform reached RMB3,675.9 million (same period in 2023: RMB2,505.7 million), reflecting a YoY increase of 46.7%. The proportion of revenue from the Sage AI Platform and its products to total revenue rose from 59.6% for the year ended December 31, 2023, to 69.9% for the year ended December 31, 2024. This significant growth was primarily driven by the increasing demand in the overall AI market and the empowerment of our products through the Company's large model and generative AI capabilities.

SHIFT Intelligent Solutions

During the Reporting Period, revenue from SHIFT Intelligent Solutions amounted to RMB1,022.3 million (same period in 2023: RMB1,282.9 million), representing a YoY decrease of 20.3%. The proportion of revenue from SHIFT Intelligent Solutions to total revenue declined from 30.5% for the year ended December 31, 2023, to 19.4% for the year ended December 31, 2024. This reduction was mainly due to the impact of business expansion strategies and the increased proportion of revenue from the Sage AI Platform.

SageGPT AIGS Services

During the Reporting Period, revenue from SageGPT AIGS Services reached RMB562.5 million (same period in 2023: RMB415.5 million), reflecting a YoY increase of 35.4%. The proportion of revenue from SageGPT AIGS Services to total revenue increased from 9.9% for the year ended December 31, 2023, to 10.7% for the year ended December 31, 2024. This growth was primarily attributed to the rising demand in the overall AI market.

Cost of Sales

Our cost of sales primarily includes: (i) cost of goods sold (mainly the cost of hardware components purchased from third-party suppliers); (ii) technical service fees (primarily the cost of technical implementation paid to third-party service providers for the delivery, deployment, and installation of customized AI applications developed according to user requirements); (iii) employee benefits expenses (mainly the salaries and benefits of personnel involved in the implementation and maintenance of our enterprise-level AI solutions); and (iv) others.

During the Reporting Period, our cost of sales amounted to RMB3,015.8 million (same period in 2023: RMB2,224.6 million), reflecting a YoY increase of 35.6%. This increase was primarily driven by higher hardware procurement costs.

Gross Profit and Gross Profit Margin

Our gross profit increased by 13.4% from RMB1,979.5 million for the year ended December 31, 2023, to RMB2,244.8 million for the year ended December 31, 2024, alongside the growth in our overall revenue. However, our gross profit margin slightly decreased from 47.1% for the year ended December 31, 2023, to 42.7% for the year ended December 31, 2024, mainly due to the changes in the Company's product portfolio compared to the previous year.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses amounted to RMB268.7 million (same period in 2023: RMB423.4 million), representing a YoY decrease of 36.5%. This reduction was primarily due to the optimization of our brand promotion strategy, which allowed us to meet brand promotion needs while appropriately controlling marketing and brand promotion activity costs.

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses amounted to RMB193.3 million (same period in 2023: RMB341.9 million), reflecting a YoY decrease of 43.5%. This reduction was primarily due to lower listing expenses.

Research and Development Expenses

We continue to invest in the development and enhancement of our solutions and technologies. During the Reporting Period, the Group's total research and development expenses further increased, reaching RMB2,169.8 million (same period in 2023: RMB1,769.0 million), representing a YoY growth of 22.7%. This increase was mainly driven by higher cloud service costs and related technical service fees associated with R&D activities.

Credit Loss Allowance

Our credit loss allowance primarily includes impairment losses on trade receivables, contract assets, and other receivables.

During the Reporting Period, our credit loss allowance amounted to RMB200.0 million (same period in 2023: RMB79.5 million). This increase was mainly due to the growth in accounts receivable balances resulting from business expansion and the impact of repayment cycles on the migration rate. Details of credit loss allowance of the Group for the year ended December 31, 2024 are set out in Notes 22, 6(a), and 23 to the consolidated financial statements.

Other Income

Our other income primarily includes: (i) government grants; and (ii) value-added tax refunds and other tax rebates.

During the Reporting Period, our other income amounted to RMB120.1 million (same period in 2023: RMB89.4 million).

Other Gains/(Losses), Net

Our net other gains/(losses) primarily include: (i) fair value changes of financial assets measured at fair value through profit or loss; (ii) net foreign exchange gains/(losses); (iii) net gains on disposal/dilution of investments accounted for using the equity method; and (iv) net gains on partial disposal of subsidiaries.

During the Reporting Period, our other gains, net amounted to RMB111.7 million (same period in 2023: other losses, net of RMB0.5 million). This improvement was mainly due to net gains on disposal of subsidiaries and the appreciation in the value of our investment portfolio.

Operating Loss

Due to the above factors, during the Reporting Period, our operating loss amounted to RMB355.1 million, representing a YoY decrease of 34.9% (operating loss in the same period of 2023: RMB545.4 million).

Finance Income

During the Reporting Period, our finance income was RMB51.9 million, reflecting a YoY decrease of 4.3% (same period in 2023: RMB54.2 million).

Finance Costs

During the Reporting Period, our finance costs were RMB6.1 million, representing a YoY decrease of 98.6% (same period in 2023: RMB438.0 million). This reduction was primarily attributable to the interest expenses related to the redemption liability associated with certain non-recurring preferential rights granted to investors last year.

Loss for the Year

Due to the above factors, during the Reporting Period, our loss for the year amounted to approximately RMB296.3 million, reflecting a YoY decrease of 67.8% (loss for the year in the same period of 2023: RMB920.6 million).

Non-IFRS Measures

To supplement our consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), we use adjusted net loss (a non-IFRS measure) as an additional financial metric. We believe that these non-IFRS measures, by eliminating the potential impact of certain items, facilitate the comparison of operating performance across different periods and among different companies. We consider these measures to provide useful information to our investors, helping them understand and evaluate our consolidated operating performance in the same way as our management does. However, the adjusted net loss (non-IFRS measure) presented may not be comparable to similar measures reported by other companies. The use of these non-IFRS measures as analytical tools has limitations, and investors should not consider them independently of, or as a substitute for, the analysis of operating performance or financial condition prepared in accordance with IFRS.

Adjusted Net Loss

We define adjusted net loss as the annual loss adjusted for share-based compensation, interest expenses on redemption liabilities, and listing expenses.

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

	For the year ended December 31,		
	2024	2023	
	RMB'000	RMB'000	Change
Reconciliation of loss for the year and adjusted net loss			
Loss for the year	**(296,267)**	(920,569)	–67.8%
Share-based compensation	**3,797**	–	100%
Interest expense on redemption liabilities	**–**	425,016	–100%
Listing expenses	**–**	80,094	–100%
Adjusted net loss	**(292,470)**	(415,459)	–29.6%

Intangible Assets

The Group's intangible assets comprise goodwill, customer relationships, brand names, technologies, software and copyrights. As of December 31, 2024, the Group's intangible assets amounted to approximately RMB189.7 million (December 31, 2023: RMB425.7 million). The decrease was primarily attributable to the disposal of equity interests in certain subsidiaries. Details of the Group's intangible assets as of December 31, 2024 are set out in Note 16 to the consolidated financial statements.

Investments Accounted for Using the Equity Method

Investments accounted for under the equity method relate to our interests in associates and joint ventures. As of December 31, 2024, the Group's investments accounted for using the equity method totaled approximately RMB554.5 million (December 31, 2023: RMB53.4 million), primarily due to the disposal of certain subsidiaries resulting in their reclassification as equity-method investments, as well as additional investments in joint ventures.

Trade Receivables

Our trade receivables primarily represent unpaid fees due from clients. As of December 31, 2024, the Group's trade receivables amounted to approximately RMB3,085.6 million (December 31, 2023: RMB1,843.6 million), primarily driven by the YoY growth in revenue.

Liquidity and Financial Resources

In the past, we have primarily relied on shareholder contributions to meet our cash needs. Following the global offering, we plan to fund our future capital requirements through a balanced approach of equity financing and debt financing activities. We do not anticipate any changes in the financing required for our future operations.

As of December 31, 2024, all of the Group's borrowings were denominated in RMB. The Group's borrowings bear fixed interest rates between 3.73%-4.0%. All of the Group's borrowings are due within one year.

Liquid Cash Resources

The Group's liquid cash resources include cash and cash equivalents, short-term and long-term bank deposits, short-term investments measured at fair value through profit or loss, and restricted cash. As of December 31, 2024, the Group's liquid cash resources amounted to approximately RMB2,301.0 million (December 31, 2023: RMB3,295.3 million).

Net Current Assets

Our net current assets decreased from RMB4,013.4 million as of December 31, 2023, to RMB3,192.8 million as of December 31, 2024. This reduction was primarily due to daily operational expenses and our decision to allocate more funds to long-term bank deposits to secure higher interest income.

Capital Management and Gearing Ratio

As of December 31, 2024, our gearing ratio (calculated as total borrowings divided by total equity attributable to equity holders of the Company) was approximately 0.1% (December 31, 2023: 2.0%). Our capital structure remains robust. We will continue to optimize our capital structure by considering the Group's future business plans and macroeconomic conditions, and we may undertake debt or equity financing as needed.

Capital Commitments

As of December 31, 2024, our capital commitments related to equity investments amounted to RMB4 million (December 31, 2023: RMB12.0 million).

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities.

Pledge of Assets

As of December 31, 2024, except for (i) RMB4.0 million in personal guarantees (guaranteed by a director of a subsidiary) for borrowings of the Group and (ii) RMB2.5 million in restricted cash as security deposits mainly for bidding, issuance of letter of guarantee or bank acceptance bills, the Group had no material pledge of assets.

Foreign Exchange Risk Management

The functional currency of the Company and its major subsidiaries is the Renminbi (RMB). The majority of the Group's revenue is derived from operations in China. Foreign exchange risk primarily arises from recognized assets and liabilities denominated in currencies other than the functional currency of the Group's entities. Fluctuations in exchange rates between RMB and other currencies during the Group's operations may impact its financial position and operating results. The Group's foreign exchange risk is mainly associated with the exchange rates of USD to RMB and HKD to RMB. As of December 31, 2024, the Group did not hold any financial instruments for hedging purposes, nor did it hold any foreign currency investments hedged through currency borrowings or other hedging instruments.

Credit Risk

We are exposed to credit risk related to our cash and cash equivalents, restricted cash, term bank deposits, investments in debt instruments measured at fair value through profit or loss, trade receivables, other receivables, and contract assets. The carrying amounts of these financial assets and contract assets represent the maximum credit risk exposure for these items.

To manage risks associated with cash and cash equivalents, restricted cash, term bank deposits, and investments in debt instruments measured at fair value through profit or loss, we only transact with state-owned banks and reputable or licensed financial institutions. These institutions have no recent history of default.

To manage risks associated with trade receivables and contract assets, we have established policies to ensure that sales with credit terms are granted to counterparties with good credit records, and management conducts ongoing credit assessments of these counterparties. We typically grant credit terms of no more than 90 days, and the credit quality of these customers is evaluated based on their financial condition, past experience, and other factors.

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. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivables balances is low.

Treasury and Working Capital Management

Our treasury and liquidity are centrally managed by the finance department. The finance department is generally responsible for the overall management and implementation of funds, including formulating the Group's treasury management policies, guiding, coordinating, and standardizing regional treasury management, preparing annual fund plans, reviewing and summarizing annual capital budgets, and monitoring and evaluating regional treasury management. We also adopt a refined treasury management policy and implement a set of treasury management rules and guidelines to enhance the effectiveness and efficiency of treasury management, thereby ensuring financial security and reducing funding costs.

To manage idle cash in inventory, we primarily purchase and redeem wealth management products as a "cash pool," from which we can withdraw cash as needed to achieve higher returns than bank deposits. The financial assets related to the wealth management products we invest in mainly include low-risk wealth management products issued by state-owned banks or other high-quality reputable banks. The purchase amount is determined based on surplus funds. The procedures for purchasing wealth management products and managing related departments comply with financial policies, business operations, accounting, and filing processes.

We are committed to ensuring overall financial security, maintaining a healthy cash level and a robust debt structure, and possessing strong solvency. Through a comprehensive, reasonable, and professional review mechanism, we have established rigorous treasury management principles by formulating annual and monthly fund plans, enabling us to effectively manage market risks.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On February 9, 2024, Fourth Paradigm (Beijing) Technology Co., Ltd. ("**Fourth Paradigm Beijing**"), Zhongneng Shibei Technology Co., Ltd. (formerly known as Guangzhou Jianxin Technology Limited Liability Company) (the "**Target Company**" or "**Zhongneng Shibei Technology**"), and Ningbo Herong Shengjing Investment Management Partnership (Limited Partnership) ("**Purchaser**") entered into an equity transfer agreement, pursuant to which the Purchaser acquired the corresponding equity interest of RMB11,000,000 in the registered capital of the Target Company from Fourth Paradigm Beijing at a consideration of RMB88,000,000. This transaction constitutes a disclosable transaction of the Company under the Listing Rules. For details, please refer to the Company's announcement dated February 9, 2024.

Save as mentioned above, during the Reporting Period, we did not make any material acquisitions or disposals of subsidiaries, associates, or joint ventures.

INFORMATION AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

On September 26, 2023, the Group invested RMB390,000,000 in GaoTeng Overseas Equity No. 3 Private Securities Investment Fund (Private Equity) (高騰海外權益3號私募證券投資基金（私募基金）) (the "**Investment**"). GaoTeng Overseas Private Fund Management (Hainan) Ltd. (高騰海外私募基金管理（海南）有限公司) and Agricultural Bank of China Limited Hainan Branch (中國農業銀行股份有限公司海南省分行) are the fund manager and the fund trustee, respectively. The Group has no significant influence over the fund and the fund manager, and the Group can redeem its fund shares after a lock-up period of one year. As at December 31, 2024, the Investment was classified as current assets. As at December 31, 2024, the carrying amount of the Investment was approximately RMB403 million, representing approximately 5.3% of the Group's total assets. The Investment was made on September 26, 2023, which was prior to the listing of the Company on the Main Board of the Stock Exchange.

(1) Basic information relating to the Investment:

Name of fund	Name of fund manager	Registered place	Principal place of business	Business nature	Fund holdings	Investment cost (RMB'000)	As at December 31, 2024 Fair values (RMB'000)	Percentage of the Group's total assets (%)
GaoTeng Overseas Equity No. 3 Private Securities Investment Fund (Private Equity) (the "**Fund**")	GaoTeng Overseas Private Fund Management (Hainan) Ltd.	Sanya City, Hainan Province	Sanya City, Hainan Province	Private securities investment fund management	390,000,000	390,000	403,079	5.3

As of December 31, 2024, the Fund primarily invested in a segregated portfolio issued by a segregated portfolio company, which focused on investments in debt and money market products in Asia Pacific markets.

(2) The performance of the Fund during the Reporting Period is set out below:

Name of fund	Gain for the year ended December 31, 2024 (RMB'000)	Dividend received for the year ended December 31, 2024 (RMB'000)
GaoTeng Overseas Equity No. 3 Private Securities Investment Fund (Private Equity)	25,680	–

(3) The Company's investment strategy in respect of the Investment:

The Fund focuses on U.S. dollar-denominated asset portfolio allocation with a robust investment strategy. As at December 31, 2024, the Company holds 390,000,000 units in the Fund. The Company invests in the Fund with the primary goal of obtaining expected investment returns through the Fund's investments.

The Company is optimistic about the future operation and returns of the Fund, expecting to achieve better investment returns upon exit from the Fund at maturity.

Save as disclosed herein, as of the end of the Reporting Period, we did not hold any other significant investments.

Save as disclosed herein, as of the date of this annual report, we did not have plans for significant investments and capital assets.

H SHARE FULL CIRCULATION

On September 12, 2024, the Company completed the conversion of 131,549,046 Domestic Shares into H Shares. Immediately after the completion of the conversion and listing, the Company's share capital structure consisted of 198,869,237 Domestic Shares and 266,989,496 H Shares. For details, please refer to the announcement of the Company dated September 12, 2024.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Completion of Placing of New H Shares Under General Mandate

In February 2025, the Company entered into the Placing Agreement with the Placing Agents, and successfully completed the placement of a total of 27,920,000 Placing Shares to not less than six placees at a placing price of HK$50.20 per share and has received an aggregate placement proceeds of approximately HKD1,393,930,000. Immediately upon completion of the placing, the total number of issued Shares of the Company was 493,778,733 Shares, comprising 294,909,496 H Shares and 198,869,237 Unlisted Shares. For details, please refer to the announcements of the Company dated February 7, 2025 and February 13, 2025.

EXECUTIVE DIRECTORS

Dr. Dai Wenyuan (戴文淵), aged 41, is the Chairman of the Board, an executive Director, Chief Executive Officer and General Manager of our Company. Dr. Dai has been our Chief Executive Officer since January 2015 and Chairman of the Board since August 2015. He was re-designated as our executive Director on July 16, 2021. He is primarily responsible for the overall strategic planning, business and technology direction and operational management of our Company.

Dr. Dai has approximately 16 years of experience in the AI technology industry. Prior to joining our Company, he served as Chief Research and Development Architect at Baidu Online Network Technology (Beijing) Co., Ltd.* (百度在綫網絡技術（北京）有限公司) from May 2009 to May 2013, where he was responsible for the research, development and management of advertising system of the Baidu search.

Dr. Dai is a renowned scholar in AI and his papers were published in the conference proceedings of leading organizations such as NIPS, ICML, AAAI and KDD. In April 2005, Dr. Dai was awarded as a world champion in the 2005 ACM-International Collegiate Programming Contest World Finals, competing with 77 teams from around the world.

Dr. Dai received a Bachelor's degree in Computer Science and Technology in July 2006 and a Master's degree in Computer Application Technology in March 2009 from Shanghai Jiao Tong University (上海交通大學). He obtained a Ph.D degree in Computer Science and Engineering from The Hong Kong University of Science and Technology ("**HKUST**") in Hong Kong in June 2020.

Mr. Chen Yuqiang (陳雨強), aged 37, is an executive Director and Chief Research Scientist of our Company. Mr. Chen joined our Group in March 2015 and has served as our Director since December 2017. He was re-designated as our executive Director on July 16, 2021. He is primarily responsible for the overall management of technology and product research and development.

Prior to joining our Group, Mr. Chen served as Senior Engineer at Baidu Online Network Technology (Beijing) Co., Ltd.* (百度在綫網絡技術（北京）有限公司) from April 2012 to May 2014. He then served as Architect at Beijing ByteDance Network Technology Co., Ltd.* (北京字節跳動網絡技術有限公司) from May 2014 to March 2015, where he was responsible for research and development.

Mr. Chen received a Bachelor's degree in Computer Science and Technology in July 2009 and a Master's degree in Computer Applied Technology in March 2012 from Shanghai Jiao Tong University (上海交通大學).

Mr. Chen currently serves as the supervisor of certain subsidiaries of our Company including, 4Paradigm Shenzhen, Shanghai Shishuo and 4Paradigm Technology. He also serves as the director of Snowline Technology, one of the subsidiaries of our Group.

Mr. YU Zhonghao (于中灝), aged 38, is an executive Director, Vice Chairman and Senior Vice President of our Company. Mr. Yu joined the Group in May 2018 and has served as our Director since February 2021. He was re-designated as our executive Director on July 16, 2021. He is primarily responsible for the overall management of investment and financing, finance, legal and post-investment related matters.

Prior to joining our Group, Mr. Yu worked as Business Analyst at Macquarie Investment Advisory (Beijing) Company Limited (麥格理投資顧問(北京)有限公司) from January 2011 to March 2012. He then joined the investment banking division of Bank of America Merrill Lynch, Hong Kong Branch in March 2012. Subsequently, Mr. Yu worked at CCB International Asset Management Limited (建銀國際資產管理有限公司) from April 2014 to August 2018, where his last position was Associate Director and Team Head of Direct Investment Division.

Mr. Yu received a Bachelor's degree in Mathematics and Applied Mathematics from Beihang University (北京航空航天大學) in the PRC in July 2008. He earned a Master's degree in Mathematics in October 2010 from the University of Cambridge. Mr. Yu also obtained a Master's degree in Financial Mathematics from the University of Chicago in June 2010.

NON-EXECUTIVE DIRECTORS

Dr. Yang Qiang (楊強), aged 63, is a non-executive Director and a member of each of the Audit Committee and the Remuneration Committee of the Company. Dr. Yang joined our Group in November 2014. He was the Chief Science Consultant of the Company from November 2014 to December 2017. He has served as our Director since November 2016 and was re-designated as our non-executive Director on July 16, 2021. He is primarily responsible for overall board affairs, and strategic advice and guidance on product and technology research and development.

Dr. Yang served at School of Computing Science of Simon Fraser University in Canada from September 1995 to August 2004 where he last served as a tenured professor. From September 1989 to August 1995, Dr. Yang worked at the University of Waterloo in Canada where his last position was lifetime associate professor. Beginning in August 2001, he was with HKUST where he currently serves as Chair Professor of Computer Science and Engineering. He served as a New Bright Professor of Engineering from November 2014 to October 2019 and Head of the Department of Computer Science and Engineering of HKUST from January 2015 to December 2017. Dr. Yang was an independent director of WeBank Co., Ltd. (深圳前海微眾銀行股份有限公司) ("**WeBank**") from December 2016 to April 2018. Dr. Yang has served as an independent non-executive director of China Mobile Limited (NYSE: CHL; SEHK: 941) since May 2018. From June 2012 to October 2014, Dr. Yang worked at Huawei Tech. Investment Co., Ltd., where his last position was the Head of Noah's Ark Research Lab. From April 2018 to March 2025, Dr. Yang served as a Management Consultant at WeBank. Since April 2025, Dr. Yang has been serving as the Dean of the Advanced Institute of Artificial Intelligence and Chief AI Officer at The Hong Kong Polytechnic University.

Dr. Yang received a Bachelor's degree in Astrophysics from Peking University (北京大學) in July 1982, Master's degrees of Science in Astrophysics and Computer Science from the University of Maryland, College Park in the United States in May 1984 and December 1987, respectively, and a Doctor's degree in Computer Science from the University of Maryland, College Park in August 1989.

Dr. Yang was the President of International Joint Conference on Artificial Intelligence (IJCAI) from 2017 to 2019, and a Councilor of the Association for the Advancement of Artificial Intelligence (AAAI) until 2019. He served as the AAAI Conference Chair in 2021. Dr. Yang is a fellow of several international professional associations, including the Institute of Electrical and Electronics Engineers, Inc. (IEEE), American Association for the Advancement of Science (AAAS), International Association for Pattern Recognition (IAPR), the Association for the Advancement of Artificial Intelligence (AAAI), the Association for Computing Machinery (ACM), and Chinese Association for Artificial Intelligence (CAAI).

Mr. Dou Shuai (竇帥), aged 35, is a non-executive Director of our Company. Mr. Dou joined the Group as a Director in February 2021 and was re-designated as our non-executive Director on July 16, 2021. He is primarily responsible for overall board affairs, and strategic advice and guidance on the business operation of the Group.

Mr. Dou joined Boyu Capital Advisory Company Limited in October 2016, where he currently serves as an executive Director. From June 2014 to October 2016, Mr. Dou worked in the Global Investment Banking Department of J.P. Morgan Securities (Asia Pacific) Limited.

Mr. Dou received a Bachelor's degree in Economics in July 2012 and a Master's degree in Finance in June 2014 from Peking University in the PRC.

Mr. Zhang Jing (張晶), aged 43, is a non-executive Director of our Company. Mr. Zhang joined the Group as a Director in February 2021 and was re-designated as our non-executive Director on July 16, 2021. He is primarily responsible for overall board affairs, and strategic advice and guidance on the business operation of the Group.

Mr. Zhang has served at Primavera Capital Limited since June 2010 where his current position is Partner.

Mr. Zhang obtained a Bachelor's degree in Accounting in July 2003 and a Master's degree in Business Administration in July 2005 from Tsinghua University in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Jianbin (李建濱), aged 46, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Li has over 22 years of experience in tax advisory, investment matters and financial management. From April 2020 to September 2023, he served as the Managing Partner at the Strategic Investment Department of a subsidiary of Xiaomi Corporation (SEHK: 1810), and prior to that, between December 2017 and April 2020, he was the Vice President of the Finance Department where he was responsible for optimizing the capabilities of the group's Finance Department, managing its tax matters and overseeing its merger and acquisition projects. From July 2001 to November 2017, he held various positions at PricewaterhouseCoopers Consultants (Shenzhen) Limited Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司), where his last position was Tax and Commercial Advisory Partner. Currently, Mr. Li also serves as an independent non-executive director of Chaoju Eye Care Holdings Limited (SEHK: 2219).

Mr. Li received a Bachelor's degree in Laws and Economics from Peking University (北京大學) in the PRC in July 2001. He has been a member of The Chinese Institute of Certified Public Accountants since September 2010 and a member of the China Certified Tax Agents Association since March 2013 and received his PRC lawyer's practicing licence issued by Ministry of Justice of the PRC in February 2007.

Mr. Liu Chijin (劉持金), aged 62, was appointed as an independent non-executive Director on July 16, 2021. He is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Since June 2002, Mr. Liu has been the Chairman of the Board and General Manager of Pan Pacific Beijing Management and Consulting Co., Ltd.* (北京泛太平洋管理諮詢有限公司), where he is responsible for overall management of the company. Mr. Liu currently also serves as the independent non-executive director of Shenwan Hongyuan (H.K.) Limited (a listed company on the Stock Exchange, stock code: 218) since June 2024 and the director of Xiamen Fantai Business Investment Management Co., Ltd.* (廈門泛泰創業投資管理有限公司) since March 2014. From May 2018 to December 2019, Mr. Liu also served as an independent director of Yango Group Co., Ltd. (陽光城集團股份有限公司) (SZSE: 000671). Since May 2018, Mr. Liu has served as a director of Sanying Precision Instruments Co., Ltd. (天津三英精密儀器股份有限公司) (NEEQ: 839222). Since November 2019, Mr. Liu has also been an independent director of Yankuang (Shandong) Equity Interest Investment Management Co., Ltd.* (兗礦(山東)股權投資管理有限責任公司).

Mr. Liu received a Bachelor's degree in Physics from Xiamen University (廈門大學) in the PRC in July 1985 and a Master's degree in Business Administration from the Harvard Business School in the United States in June 1997. Mr. Liu obtained both the Professional Qualification of Independent Director from Shenzhen Stock Exchange and Qualification of Fund Practitioners from the Asset Management Association of China in July 2016.

Ms. Ke Yele (柯燁樂), aged 43, is an independent non-executive Director, the chairlady of the Remuneration Committee and a member of the Nomination Committee of the Company. She is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Ke has been serving as the general manager of the Belle Consumer Fund of Belle International (China) Limited since May 2021. From January 2012 to January 2016, Ms. Ke served at Sequoia Capital Consulting (Beijing) Co., Ltd. (紅杉資本顧問諮詢(北京)有限公司), where her last position was the vice president. She was founding partner of Fengshang Investment Management Co., Ltd. (上海峰上投資管理有限公司) (the general partner of Shanghai Fengshang Venture Capital Partnership (Limited Partnership), one of our pre-IPO investors until August 2019) from March 2016 to May 2021.

Ms. Ke received a Bachelor's degree in International Economics and Trade from Fudan University (復旦大學) in the PRC in July 2003. Ms. Ke was admitted as a non-practising member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in September 2006, a registered tax agent of China Certified Tax Agents Association (中國註冊稅務師協會) in October 2007 and a non-practising member of the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in December 2009. She was recognized as a Chartered Financial Analyst by the CFA Institute in July 2015.

SUPERVISORS

Mr. Chai Yifei (柴亦飛), aged 44, is Chairman of our Supervisory Committee, a shareholders' representative Supervisor and Vice President of our Company. Mr. Chai, who joined the Group in October 2015, is primarily responsible for supervising the performance of the Directors and senior management members, and performing other supervisory duties as a shareholders' representative Supervisor.

Prior to joining our Group, Mr. Chai served at IBM (China) Co., Ltd. (國際商業機器（中國）有限公司) from August 2007 to January 2014, where his last position was Big Data Consulting Senior Manager. He was responsible for big data management and analysis for clients in finance industry, and industry consulting for clients in retail and logistics industries. He then served at Deloitte Consulting (Shanghai) Co., Ltd. (德勤管理諮詢（上海）有限公司) from January 2014 to October 2015, where his last position was Management Consulting Manager.

Mr. Chai received a Bachelor's degree in Electronic Information Science and Technology in July 2003 and a Master's degree in Computer System Structure from Fudan University (復旦大學) in the PRC in July 2007.

Ms. Zhou Wenjing (周文靜), aged 42, is a shareholders' representative Supervisor of our Company. Ms. Zhou joined our Group in March 2018. She is primarily responsible for supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor. She is also in charge of post-investment matters and serves as Assistant to our Chief Executive Officer.

Prior to joining our Group, Ms. Zhou served at PricewaterhouseCoopers Zhong Tian LLP Beijing Branch (普華永道中天會計師事務所（特殊普通合夥）北京分所) from August 2006 to August 2011 where her last position was Senior Executive of the Human Resources Department. She then served as Campus Recruiting, Training and Development Manager at John Deere (China) Investment Co., Ltd. (約翰迪爾（中國）投資有限公司) from September 2011 to November 2013. From November 2013 to September 2015, Ms. Zhou worked at Microsoft (China) Co., Ltd. (微軟（中國）有限公司) where her last position was Campus Recruiting Manager. From October 2015 to March 2018, Ms. Zhou served as Senior Campus Recruiting Manager at Sanliuling Technology Co., Ltd. (三六零科技集團有限公司).

Ms. Zhou received a Bachelor's degree in Ideology and Political Education from Peking University (北京大學) in the PRC in July 2006.

Ms. Shao Liling (邵麗玲), aged 41, is our employee Supervisor, and Internal Audit Director of our Company. Ms. Shao joined our Group in December 2015 and is primarily responsible for monitoring financial position of our Group and supervising the performance of Directors and senior management as a representative of our employees.

Prior to joining our Group, Ms. Shao Liling worked at Raffles-BICT International College (北服－萊佛士國際學院) from July 2006 to April 2011. She then served as Head of Finance at Beyondsoft Corporation (博彥科技股份有限公司) from May 2011 to September 2013. From September 2013 to May 2015, she worked at Beijing Star World Technology Co., Ltd. (北京世界星輝科技有限公司). Ms. Shao also served as a Financial Analysis Manager at Thunder Software Technology Co., Ltd. (中科創達軟件股份有限公司) from June 2015 to December 2015, where she was responsible for financial budgeting and operational analysis. From December 2015 to October 2016, Ms. Shao served as Senior Finance Manager at 4Paradigm Beijing where she was responsible for setting up the finance system and building the finance team. She then served as Senior Finance Manager at Beijing Zsvision Co., Ltd. (北京眾盛優視科技有限公司) from November 2016 to June 2017, where she was responsible for developing the finance system and internal control. Ms. Shao rejoined 4Paradigm Beijing in July 2017 and served as deputy Finance Director until August 2021, being responsible for setting up the finance system and building the finance team. Ms. Shao serves as the Internal Audit Director since August 2021. Ms. Shao also serves as an executive director and a general manager of Shi Shuo Artificial Intelligence Technology (Shanghai) Co., Ltd. since April 2024.

Ms. Shao received a Bachelor's degree in Management from Renmin University of China (中國人民大學) in January 2009. Ms. Shao obtained the Certificate of Accounting Profession (會計從業資格證書) from Beijing Municipal Finance Bureau in February 2003, and subsequently obtained the Preliminary Accountant Title (會計初級職稱), Intermediate Accountant Title (會計中級職稱), and Senior Accountant Title (會計高級職稱) from Ministry of Finance of the PRC in May 2006, January 2016, and December 2022, respectively. In February 2023, Ms. Shao received the certificate of Certified Internal Auditor from the Institute of Internal Auditors.

SENIOR MANAGEMENT

Dr. Dai Wenyuan (戴文淵), aged 41, is the Chairman of the Board, an executive Director, Chief Executive Officer and General Manager of our Company. For details of his biography, please refer to the section headed "Executive Directors".

Mr. Chen Yuqiang (陳雨強), aged 37, is an executive Director and Chief Research Scientist of our Company. For details of his biography, please refer to the section headed "Executive Directors".

Mr. Hu Shiwei (胡時偉), aged 38, is the President and Chief Architect of the Company. Mr. Hu joined our Group as Chief Architect in March 2015, was the shareholders' representative Supervisor from November 2016 to July 2021, and was appointed as President of the Company in January 2024. He is primarily responsible for overall strategic planning, management of business and sales, customer success, overall technology management and product architecture and design.

Prior to joining our Group, Mr. Hu served as a Senior Research and Development Engineer at Baidu.com Times Technology (Beijing) Co., Ltd. (百度時代網絡技術(北京)有限公司) from April 2011 to June 2014, where he was responsible for providing support in relation to technology architecture. Before joining our Group in March 2015, Mr. Hu served as Head of Internet Research and Development Department at Beijing Home Link Real Estate Brokerage Co., Ltd. (北京鏈家房地產經紀有限公司) starting from June 2014. Mr. Hu currently serves as a director of Shanghai Fan'an Technology Co., Ltd. (上海範安科技有限公司), one of the subsidiaries of our Group.

Mr. Hu received a Bachelor's degree in Computer Science and Technology in July 2008 and a Master's degree in Computer Software and Theory in March 2011 from Shanghai Jiao Tong University (上海交通大學) in the PRC.

Mr. YU Zhonghao (于中灝), aged 38, is an executive Director, Vice Chairman and Senior Vice President of our Company. For details of his biography, please refer to the section headed "Executive Directors".

Mr. Zheng Zhao (鄭曌) (formerly known as Mr. Zheng Meng (鄭盟)), aged 35, is the Vice President of our Company. Mr. Zheng joined our Group in October 2018. He is primarily responsible for leading our AI technology structure planning and relevant product and technology research.

Prior to joining our Group, Mr. Zheng served as a Research Assistant at HKUST from September 2011 to July 2012, where he was responsible for academic research in the Department of Computer Science and Engineering. From October 2012, Mr. Zheng worked at Google Inc., following which he served as Software Engineer at Pinterest Inc. (NYSE: PINS) from November 2015 to October 2018.

Mr. Zheng received a Bachelor's degree in Computer Science and Technology from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 2011. In 2010, Mr. Zheng was awarded as a world champion in the 2010 ACM-International Collegiate Programming Contest World Finals, competing with 102 teams from around the world.

Mr. Liu Nan (劉楠先生), aged 45, is the Chief Financial Officer and secretary to the Board of our Company. Mr. Liu joined our Group in 2024. He is primarily responsible for the Group's financial strategic planning and decision-making, investor relations and Board-related work.

Prior to joining our Group, Mr. Liu successively worked at PricewaterhouseCoopers and Ernst & Young Hua Ming since 2004. From 2008 to 2011, he worked in the investment banking department of CITIC Securities. From 2011 to September 2024, Mr. Liu successively served as secretary to the board of directors of People.cn Co., Ltd (stock code: 603000.SH), the vice president, secretary to the board of directors and financial controller of IReader Technology Co., Ltd. (stock code: 603533.SH), the deputy general manager and secretary to the board of directors of Yoozoo Interactive Co., Ltd. (stock code: 002174.SZ), the vice president, financial controller and secretary to the board of directors of Visual China Group Co., Ltd. (stock code: 000681.SZ) and the chief financial officer of Dangdang (當當網).

Mr. Liu obtained a Bachelor's degree in optoelectronic technology and a Master's degree in physical electronic technology from Nanjing University of Science and Technology (南京理工大學) in July 2002 and July 2004, respectively.

PRINCIPAL BUSINESS

We are a leader in enterprise AI. We are an AI software company which focuses on providing platform-centric AI software which enables enterprises to develop their own decision-making AI applications. Our enterprise-level solutions are designed to serve enterprises, rather than individuals. We offer platform-centric AI solutions that can be rapidly deployed by enterprises on a large scale to uncover hidden patterns in data and comprehensively enhance their decision-making capabilities. There have been no significant changes in the nature of the Group's principal business from the Listing Date to the date of this report. For details of the principal business of the Company's principal subsidiaries, please refer to Note 17(a) to the Group's consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the Group's consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2024.

SHARE CAPITAL

Details of the issued shares during the year ended December 31, 2024 are set out in Note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended December 31, 2024 are set out in Note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company had no distributable reserves.

FINANCIAL HIGHLIGHTS

The Shares were listed on the Stock Exchange on September 28, 2023. A summary of the results, assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial information and financial statements, is set out on Page 4 of this annual report.

BANK LOANS AND OTHER BORROWINGS

As at December 31, 2024, bank loans and other borrowings of the Group were approximately RMB5.9 million. Details of the Group's bank loans and other borrowings as at December 31, 2024 are set out in Note 31 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended December 31, 2024 are set out in Note 15 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company's public float meets the requirements in Rule 8.08 of the Listing Rules as at the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC requiring the Company to offer new shares on a pro-rata basis to its existing Shareholders.

BUSINESS REVIEW

Annual Overview and Performance

Pursuant to the requirements of the Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), we are required to carry out an impartial review of the Group's business, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business, which are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events that have occurred since the end of the year ended December 31, 2024 that have had an impact on the Company are set out in the paragraph headed "Management Discussion and Analysis – Events after the Reporting Period" in this report.

Key Relationships with Stakeholders

The Group recognizes that its various stakeholders, including employees, customers, suppliers and other business partners, are key to its success. The Group strives to maintain employment, cooperation and solid relationships with them in order to achieve sustainable development.

The Group believes that attracting, recruiting and retaining quality employees is of paramount importance. In order to maintain the quality, knowledge and skill level of its employees, the Group provides regular training to its employees, including induction training for new hires, technical training, professional and management training, as well as health and safety training. The Group believes that it maintains good relationships with its employees and has not experienced any significant labor disputes or difficulties in recruiting employees for its business operations.

We value customer feedback because good customer service is one of our key sales drivers. We have a designated customer service team to handle various after-sales customer requests in a timely and effective manner with a personalized approach and to enhance overall customer satisfaction. Our large and growing customer base provides us with valuable insights into best industry practices, allowing us to better understand our customers' needs to continuously improve our products and enhance the customer experience.

Details of the Company's key relationships with employees, customers and suppliers and other persons who have significant influence on the Company are set out in its Environmental, Social and Governance Report published on the same date as this report.

Social Responsibility, Environmental Policy and Performance

In 2024, the Group was committed to fulfilling its social responsibilities, improving employee welfare, promoting development, protecting the environment, giving back to the community and achieving sustainable growth.

A separate environmental, social and governance report will be published on the Stock Exchange's website and the Company's website concurrently with the publication of this annual report.

Compliance with Relevant Laws and Regulations

We may be involved in legal proceedings from time to time in the ordinary course of business. During the Reporting Period and up to the date of this report, the Group complied with the relevant laws, regulations and supervisory requirements that have a material impact on the Group in all respects. During the Reporting Period and up to the date of this report, neither the Group nor any of the Directors, Supervisors and senior management of the Company has been subject to investigation or administrative penalty by the China Securities and Regulatory Commission, banned from entering the market, recognized as an unsuitable person, publicly reprimanded by the stock exchange, subject to compulsory measures, referred to the judicial authorities or held criminally liable, nor has it been involved in any other litigation, arbitration or administrative proceeding that would have a material adverse impact on our business, financial condition or results of operations. During the year ended December 31, 2024, the Directors were not aware of any material litigation or claim that was pending or threatened the Group.

Key Risks and Uncertainties

Our operations involve a number of key risks and uncertainties, some of which are beyond our control. The material risks and uncertainties we face are set out below:

- AI technologies are constantly evolving. Any flaws or inappropriate usage of AI technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have negative impact on our business, reputation and the general acceptance of AI solutions by the society.

- Our business depends substantially on continuing efforts of our senior management and other key personnel, as well as a competent pool of talents who support our existing operations and future growth. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.

- The industries in which we operate are characterized by constant changes. If we fail to continuously innovate our technology and provide useful solutions that meet the expectations of our customers, our business, financial condition and results of operations may be materially and adversely affected.

- We recorded a year-on-year increase of 25.1% in total revenue in 2024. We may not be able to sustain our historical growth rates, and our historical growth may not be indicative of our future growth or financial results.

- We are investing heavily on our research and development, and such investment may negatively impact our profitability and operating cash flow in the short term and may not generate the results we expect to achieve.

- We have recorded net losses and operating cash outflow in 2024. Although the net losses and operating cash outflow have narrowed as compared to 2023, we may not be able to achieve or subsequently maintain profitability.

- Our solutions are primarily not offered on a recurring subscription basis. If we fail to retain existing customers, attract new customers or increase the spending by our customers, our business and results of operations may be materially and adversely affected.

- If we fail to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.

- We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our solutions and could subject us to significant legal, financial and operational consequences.

- We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected. Effective March 2, 2023, BIS added certain entity(ies) to the Entity List, which restricts their ability to purchase or otherwise access certain goods, software and technology. Out of an abundance of caution and unless or until we receive further clarification from BIS, we will assume that all entities located at the address provided in the Entity List are subject to the Entity List restrictions in order to comply with relevant restrictions.

- The trading price of our H Shares may be volatile, which could result in substantial losses to the Shareholders.

However, the above is not an exhaustive list. Investors should exercise their own judgment or consult an investment advisor before making any investment in the Shares.

PROSPECTS

The "Chairman's Statement" and "Management Discussion and Analysis" sections of this report provide an overview of the future development of the Company's business.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company's H Shares were listed on the Main Board of the Stock Exchange on September 28, 2023. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering (including the over-allotment option granted in connection with the Global Offering partially exercised) of approximately HK$925.6 million and utilized net proceeds of approximately HK$246.2 million as at December 31, 2024. The remaining net proceeds amounted to approximately HK$679.4 million. Our Company will continue to use the remaining net proceeds for the purposes set out in the Prospectus. The details of intended use of net proceeds from the Global Offering are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (HK$ million)	Utilized net proceeds from the Global Offering for the year ended December 31, 2024 (HK$ million)	Unutilized net proceeds from the Global Offering for the year ended December 31, 2024 (HK$ million)	Expected timeline of full utilization of the unutilized proceeds
Enhancing our fundamental research, technological capabilities and solution development	60.0%	555.4	73.7	481.7	Within three years from the Listing Date
Expanding our offerings, building our brand and entering new sectors	20.0%	185.1	17.1	168.0	Within three years from the Listing Date
Seeking strategic investment and acquisition opportunities	10.0%	92.6	92.6	–	N/A
General corporate purposes	10.0%	92.6	62.9	29.7	Within three years from the Listing Date
Total	100.0%	925.6	246.2	679.4	

The net proceeds utilized have been converted from Renminbi to Hong Kong dollars at the rate of RMB1 to HK$1.0862, being the reference exchange rate adopted in the Prospectus. No representation is made that any amounts in Hong Kong dollars or Renminbi have been or could be converted at the above rate.

The Company will use the remaining proceeds for the purpose as disclosed in the Prospectus and follow the expected implementation timetable as disclosed in the Prospectus.

EVENTS AFTER THE END OF THE REPORTING PERIOD

For more information on events after the end of the Reporting Period, please refer to the section "Management Discussion and Analysis – Events after the Reporting Period" in this report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were as follows:

Executive Directors

Dr. Dai Wenyuan (戴文淵) *(Chairman, Chief Executive Officer and General Manager)*
Mr. Chen Yuqiang (陳雨強) *(Chief Research Scientist)*
Mr. Yu Zhonghao (于中灝) *(Vice Chairman and Senior Vice President)*

Non-executive Directors

Dr. Yang Qiang (楊強)
Mr. Dou Shuai (竇帥)
Mr. Zhang Jing (張晶)

Independent Non-executive Directors

Mr. Li Jianbin (李建濱)
Mr. Liu Chijin (劉持金)
Ms. Ke Yele (柯燁樂)

SUPERVISORS

The Supervisors during the Reporting Period and up to the date of this report were as follows:

Mr. Chai Yifei (柴亦飛)
Ms. Zhou Wenjing (周文靜)
Ms. Shao Liling (邵麗玲)

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and senior management of the Company as at the date of this report are set out in the section headed "Directors, Supervisors and Senior Management" of this report.

CHANGES TO DIRECTORS' INFORMATION

With effect from June 20, 2024, Mr. Yu Zhonghao, an executive Director, was promoted to the position of vice chairman and senior vice president of the Company and ceased to hold the position of chief financial officer of the Company.

With effect from June 28, 2024, Mr. Liu Chijin, an independent non-executive Director, was appointed as an independent non-executive director of Shenwan Hongyuan (H.K.) Limited (a listed company on the Stock Exchange, stock code: 218).

With effect from April 1, 2024, Ms. Shao Liling, the employee Supervisor, was appointed as an executive director and a general manager of Shi Shuo Artificial Intelligence Technology (Shanghai) Co., Ltd.

With effect from March 31, 2025, Mr. Li Jianbin, an independent non-executive Director, has ceased to be a member of the Nomination Committee; and Ms. Ke Yele, an independent non-executive Director, has been appointed as a member of the Nomination Committee.

Save as disclosed herein, there are no other changes in the Directors, Supervisors and Chief Executive Officer that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

For details of the Directors' and Supervisors' service contracts, please refer to the paragraph headed "Appointment and Re-election of Directors" under the Corporate Governance Report contained in this report.

The Company has not entered into, and does not propose to enter into, any service contract with any of the Directors or Supervisors in their respective capacities which cannot be terminated by the employer within one year without payment of any compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of the Directors. In our opinion, all the independent non-executive Directors are independent.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at December 31, 2024, the interests and/or short positions (if applicable) of our Directors, Supervisors and the chief executive of our Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations of our Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in our Company

Name	Title	Capacity/ Nature of Interest	Number of Shares interested	Approximate percentage of shareholding in Domestic Shares of the Company(2)	Approximate percentage of shareholding in H Shares of the Company(3)	Approximate percentage of shareholding in the total share capital of the Company(4)
Dr. Dai(5)(6)	Chairman of the Board, Executive Director and Chief Executive Officer	Beneficial owner	106,164,523 Domestic Shares (L)	53.38%	–	22.79%
		Interest in controlled corporations	37,034,191 Domestic Shares (L)	18.62%	–	7.95%
		Interest in controlled corporations	30,154,692 H Shares (L)(7)	–	11.29%	6.47%

Notes:

(1) (L) – Long position

(2) This is based on the total number of 198,869,237 issued Domestic Shares of the Company as at December 31, 2024.

(3) This is based on the total number of 266,989,496 issued H Shares of the Company as at December 31, 2024.

(4) The calculation is based on the total number of 198,869,237 Domestic Shares and 266,989,496 issued H Shares of the Company as at December 31, 2024.

(5) As at December 31, 2024, Dr. Dai beneficially owned 106,164,523 Domestic Shares of the Company. In addition to his direct shareholding, Dr. Dai is also deemed to be interested in 37,034,191 Domestic Shares of the Company through the intermediaries he controlled under the SFO. Paradigm Investment and Paradigm Yinyuan own 31,981,367 Domestic Shares and 5,052,824 Domestic Shares of our Company, respectively. Dr. Dai, through Beijing New Wisdom, is the sole general partner of Paradigm Investment and Paradigm Yinyuan. The spouse of Dr. Dai is also deemed to be interested in the Shares in which Dr. Dai is interested under the SFO.

(6) Paradigm Investment and Paradigm Yinyuan are indirectly controlled by Beijing New Wisdom, being the sole general partner of Paradigm Investment and Paradigm Yinyuan. Paradigm Investment and Paradigm Yinyuan hold 25,977,467 H Shares and 3,983,925 H Shares, respectively. By virtue of SFO, each of Dr. Dai and Beijing New Wisdom (through his/its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the H Shares held by each of Paradigm Investment and Paradigm Yinyuan.

(7) This includes 193,000 treasury shares held by the Company.

Save as disclosed above and to the best knowledge of our Directors, as at December 31, 2024, we were not aware of any Director or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As far as the Company is aware, as at December 31, 2024, the persons, other than our Directors or the chief executive of our Company, who had interests or short positions in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO are as follows:

Interests in the Shares of the Company

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares interested	Approximate percentage of shareholding in Domestic Shares/ H Shares of the Company(2)	Approximate percentage of shareholding in the total share capital of the Company(2)
Beijing New Wisdom(3)(4)	Interest in controlled corporations	37,034,191 Domestic Shares (L)	18.62%	7.95%
	Interest in controlled corporations	29,961,392 H Shares (L)	11.22%	6.43%
Paradigm Investment(3)	Beneficial owner	31,981,367 Domestic Shares (L)	16.08%	6.87%
	Beneficial owner	25,977,467 H Shares (L)	9.73%	5.58%
Paradigm Chuqi(4)	Interest in controlled corporations	31,981,367 Domestic Shares (L)	16.08%	6.87%
	Interest in controlled corporations	25,977,467 H Shares (L)	9.73%	5.58%
Xinhe No.1(5)	Beneficial owner	12,077,978 Domestic Shares (L)	6.07%	2.59%
Xinhe No.1 Shareholders(5)	Interest in controlled corporations	12,077,978 Domestic Shares (L)	6.07%	2.59%
Hu Yuanman(5)	Interest in controlled corporations	14,126,295 Domestic Shares (L)	7.10%	3.03%
Zhou Kui(6)	Interest in controlled corporations	18,941,724 Domestic Shares (L)	9.52%	4.07%

Notes:

(1) (L) – Long position

(2) The calculation is based on the total number of 198,869,237 Domestic Shares and 266,989,496 issued H Shares as at December 31, 2024.

(3) Paradigm Investment and Paradigm Yinyuan are indirectly controlled by Beijing New Wisdom, being the sole general partner of Paradigm Investment and Paradigm Yinyuan. Paradigm Investment and Paradigm Yinyuan hold (i) 31,981,367 Domestic Shares and 25,977,467 H Shares; and (ii) 5,052,824 Domestic Shares and 3,983,925 H Shares, respectively. By virtue of SFO, each of Dr. Dai and Beijing New Wisdom (through his/its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the Shares held by each of Paradigm Investment and Paradigm Yinyuan.

(4) Paradigm Chuqi (whose general partner is Beijing New Wisdom) is interested in more than one-third of the limited partnership interest in Paradigm Investment. By virtue of SFO, Paradigm Chuqi is deemed to be interested in the Shares held by Paradigm Investment.

(5) Xinhe No.1 (Tianjin) Science and Technology Center (Limited Partnership) ("**Xinhe No.1**") directly holds 12,077,978 Domestic Shares. The general partner of Xinhe No.1 is Chunhua Mingde (Tianjin) Equity Investment Management Partnership Enterprise (Limited Partnership) ("**Chunhua Mingde**") and the limited partner holding more than one-third of the partnership interest in Xinhe No. 1 is Chunhua Xinhe (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership) ("**Chunhua Xinhe**"). The general partner of Chunhua Xinhe is Chunhua Mingde and the limited partner holding more than one-third of the partnership interest in Chunhua Xinhe is Primavera Capital Fund III LP ("**Primavera**"), which is owned as to 66.70% by Hu Fred Zuliu.

The general partner of Chunhua Mingde is Chunhua (Tianjin) Equity Investment Management Co., Ltd. ("**Chunhua Investment**"), which is wholly-owned by Hu Yuanman. By virtue of the SFO, each of Chunhua Xinhe, Primavera, Hu Fred Zuliu, Chunhua Mingde, Chunhua Investment (together, "**Xinhe No.1 Shareholders**") and Hu Yuanman is deemed to be interested in the Domestic Shares held by Xinhe No. 1.

Qiushi Xingde (Tianjin) Investment Center (Limited Partnership) ("**Qiushi Xingde**"), which is indirectly controlled by Hu Yuanman, directly holds 2,048,317 Domestic Shares.

By virtue of the SFO, Hu Yuanman is deemed to be interested in the Domestic Shares held by Qiushi Xingde.

(6) To the best knowledge of the Company, the general partner of Shenzhen HongShan Hanchen Equity Investment Partnership (L.P.) ("**HongShan Hanchen**") is Shenzhen HongShan Antai Equity Investment Partnership (L.P.) ("**HongShan Antai**") and the limited partner which holds more than one-third of the partnership interest in HongShan Hanchen is Shenzhen HongShan Yuechen Investment Partnership (L.P.) ("**HongShan Yuechen**"). The general partner of HongShan Yuechen is HongShan Antai and the limited partner holding more than one-third of the partnership interest in HongShan Yuechen is Shenzhen HongShan Yuchen Equity Investment Partnership (L.P.) ("**HongShan Yuchen**"). The general partner of HongShan Yucheng is HongShan Antai. The general partner of HongShan Antai is Shenzhen HongShan Huanyu Investment Consulting Co., Ltd. ("**HongShan Huanyu**"), which is owned as to 70% by Zhou Kui.

Beijing HongShan Mingde Equity Investment Center (Limited Partnership) ("**HongShan Mingde**") directly owns 6,352,978 Domestic Shares, its general partner is Beijing HongShan Kunde Investment Management Center (Limited Partnership) ("**HongShan Kunde**"), and its limited partners holding more than one-third of the partnership interest in HongShan Mingde are Beijing HongShan Shengde Equity Investment Center (Limited Partnership) ("**HongShan Shengde**") and Beijing HongShan Kangde Equity Investment Center (Limited Partnership) ("**HongShan Kangde**"). The general partner of HongShan Kunde is Shanghai Huanyuan Investment Management Co., Ltd. ("**Shanghai Huanyuan**") and Ningbo Meishan Free Trade Port HongShan Huide Investment Management Partnership (Limited Partnership) ("**HongShan Huide**") is the general partner of HongShan Shengde and HongShan Kangde respectively. The general partner of HongShan Huide is Shanghai Huanyuan, which is owned as to 70% by Zhou Kui.

Ningbo Meishan Free Trade Zone HongShan Zhisheng Equity Investment Partnership (Limited Partnership) ("**HongShan Zhisheng**") directly owns 4,112,972 Domestic Shares, its general partner is Jiaxing HongShan Kunsheng Investment Management Partnership (Limited Partnership) ("**HongShan Kunsheng**"), and the limited partners who hold more than one-third of the partnership interest in HongShan Zhisheng are Ningbo Meishan Free Trade Port HongShan Mingsheng Equity Investment Partnership (Limited Partnership) ("**HongShan Mingsheng**") and Ningbo Meishan Bonded Port Area HongShan Jiasheng Equity Investment Partnership (Limited Partnership) ("**HongShan Jiasheng**"). HongShan Kunsheng is the general partner of HongShan Mingsheng and HongShan Jiasheng respectively, and the general partner of HongShan Kunsheng is Ningbo Meishan Bonded Port Area HongShan Huanjia Investment Management Co., Ltd. ("**HongShan Huanjia**"). HongShan Huanjia is owned as to 70% by Zhou Kui.

By virtue of the SFO, Zhou Kui is deemed to be interested in HongShan Hanchen, HongShan Mingde and the Shares held by them.

Save as disclosed above and to the best knowledge of our Directors, as at December 31, 2024, we were not aware of any other person (other than the Directors or the chief executive of our Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred therein.

EQUITY-LINKED AGREEMENTS

Save as disclosed herein, the Company did not enter into any equity-linked agreements during the Reporting Period.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire interests by means of acquisition of Shares in or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had any right to subscribe for interests or debentures of the Company or any other body corporate or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) is interested in any business (other than being a Director of the Company and/or its subsidiaries) which competes or is likely to compete, directly or indirectly, with the businesses of the Group.

RELATED-PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the Group's related-party transactions during the Reporting Period are set out in Note 36 to the consolidated financial statements contained in this report. For the year ended December 31, 2024, other than the remuneration of directors and supervisors, which constitutes fully-exempt connected transactions under Chapter 14A of the Listing Rules and has complied with the requirements under Chapter 14A of the Listing Rules, none of the related party transactions disclosed in Note 36 to the consolidated financial statements constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. During the year ended December 31, 2024, we did not enter into any non-exempt connected transactions or continuing connected transactions that would be required to be disclosed under Rules 14A.49 and 14A.71 of the Listing Rules.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed in this report, during the Reporting Period, none of the Directors/Supervisors or entities connected with the Directors/Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in this report, no contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this report with persons other than the Directors or persons employed by the Company on a full-time basis.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and up to the date of this report, the Company had appropriate liability insurance in place for its Directors.

INFORMATION ON TAX RELIEF FOR H SHAREHOLDERS

The Company is not aware of any tax relief available to Shareholders for holding its securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

REMUNERATION POLICY AND REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at December 31, 2024, we had a total of 967 employees (as at December 31, 2023: 1,801 employees). For the year ended December 31, 2024, the total staff costs of the Group amounted to approximately RMB447.2 million, including wages, salaries, bonuses, pension costs, other social security costs, housing benefits and other employee benefits. The Group has optimized its incentive system and implemented a competitive remuneration policy to cater to the business development needs.

During the year ended December 31, 2024, our Directors and Supervisors received their remuneration in the form of salaries, social security, housing benefits and other employee benefits, contributions to employee pension plans, and discretionary bonuses.

During the Reporting Period, no emoluments were paid by the Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. During the year ended December 31, 2024, no Director or Supervisor waived or agreed to waive any emoluments. Save as disclosed in this annual report, there were no loans, quasi-loans and other transactions in favor of the Directors, controlled corporations of the Directors and connected entities at the end of the Reporting Period or at any time during the period. There were no significant transactions, arrangements and contracts concerning the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, at the end of the Reporting Period or at any time during the period.

Details of the remuneration of the Directors and Supervisors during the Reporting Period are set out in Note 10 to the consolidated financial statements.

PENSION PLANS

Employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their salaries to a pension plan to fund the benefits. The Group's only obligation with respect to the pension plan is to make specified contributions. During the Reporting Period, the Group did not use forfeited contributions to reduce the current level of contributions.

SHARE SCHEMES

On September 19, 2024, the shareholders' general meeting of the Company approved the Company's equity incentive scheme (the "**Equity Incentive Scheme**") (including the Company's H share restricted share unit scheme (the "**H-Share Scheme**") and the partnership employee stock ownership plan equity incentive scheme (the "**Partnership Plan**")) and the share option scheme (the "**Share Option Scheme**"). The Equity Incentive Scheme constitutes a scheme referred to in Chapter 17 of the Listing Rules involving the existing Shares of the Company, and the Share Option Scheme constitutes a share scheme under Chapter 17 of the Listing Rules involving the issuance of new Shares of the Company. For details, please refer to the announcement and circular of the Company both dated August 30, 2024 and the announcement of the Company dated September 19, 2024.

Equity Incentive Scheme

1A. Equity Incentive Scheme Limit

1A.1 (i) H Shares corresponding to the awards granted under the H-Share Scheme; and (ii) Shares of the Company corresponding to the incentive shares granted to the grantee on the grant date under the Partnership Plan shall not in aggregate exceed 5% (i.e. 23,283,271 Shares) of the total issued ordinary share capital of the Company (excluding treasury shares) as at the Adoption Date (the "**Equity Incentive Scheme Limit**"), representing 4.72% of the issued Shares of the Company (excluding treasury shares) as at the date of this annual report. Awards that have lapsed under the H-Share Scheme are not counted as utilized for the purpose of determining the amount of utilization of the Equity Incentive Scheme Limit.

1A.2 The Company may convene a general meeting to seek Shareholders' approval to refresh the Equity Incentive Scheme Limit. The Company is required to comply with all applicable laws, regulations and the requirements of the Listing Rules when seeking to refresh the Equity Incentive Scheme Limit.

H-Share Scheme

The principal terms of the H-Share Scheme are summarised below:

1. Purpose of the Scheme

The purposes of the H-Share Scheme are:

(a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between Shareholders and eligible participants, to enhance the cohesion of the eligible participants, to strengthen the Company's competitiveness, and to ensure the realization of the Company's future development strategies and business objectives;

(b) to align the interests of the Shareholders, the Company, and grantees, ensuring that all parties are collectively focused on the Company's sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;

(c) to further improve the Group's performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group's strategic objectives; and

(d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

2. **Participants of the Scheme**

The eligible participants of the H-Share Scheme are directors and employees of the Company or any of its subsidiaries, and other persons eligible to participate in the H-Share Scheme as the Board or the authorized person may determine from time to time. In assessing the eligibility of an eligible participant, the Board or the authorized person shall give due consideration to all relevant factors, including, among others:

(a) their skills, knowledge, experience, expertise and other relevant personal strengths;

(b) their performance, time commitment, responsibilities or terms of employment and prevailing market practices and industry standards;

(c) the contribution he or she has made or is expected to make to the growth of the Group and the positive impact he or she may have on the business and development of the Group;

(d) his or her academic and professional qualifications and knowledge of the industry; and

(e) whether the granting of an Award to him or her is an appropriate incentive to motivate his or her continued contribution to the progress of the Group.

3. **Limit of the Scheme**

The H-Share Scheme is subject to the provisions of Rule 1A above.

4. **Individual Sub-Limit**

There is no limit on the number of Shares that may be granted to an individual participant under the H-Share Scheme.

5. **Duration of the Scheme**

Subject to the H-Share Scheme Rules, the H-Share Scheme shall be valid and effective for the Award Period (after which no further restricted share units will be granted), and thereafter for so long as there are any outstanding restricted share units that are granted but not yet vested hereunder prior to the expiration of the Award Period, the H-Share Scheme will continue to be extended until the vesting of such restricted share units is completed.

The "Award Period" refers to the period commencing on the adoption date and ending on the business day immediately prior to the tenth (10th) anniversary of the adoption date. Accordingly, the remaining life of the H-Share Scheme is approximately nine years and five months as at the date of this annual report.

6. **Grant and Grant Price**

The Board or the authorized person may from time to time select any eligible participant as a selected participant and grant an award to such selected participant during the award period conditional upon his or her compliance with the terms and conditions of the award for such award price as the Board or the authorized person shall then determine in its discretion as may be deemed necessary or appropriate after taking into account a number of factors, such as his or her job position, years of service, remuneration and contribution to the Company.

7. **Vesting**

The Board or the authorized person may from time to time while the H-Share Scheme is in force and subject to all applicable laws, rules and regulations, determine the vesting criteria, conditions or vesting periods for the award hereunder.

If a vesting date is not a business day, the vesting date shall, subject to any trading halt or suspension in the H Shares, be the business day immediately thereafter. The vesting date is set out in the Award Letter by the Board or the authorized person.

The vesting of awards granted under the H-Share Scheme is conditional upon the achievement of performance targets (if any) set out in the Award Letter.

Partnership Plan

The principal terms of the Partnership Plan are summarised below:

1. **Purpose of the Plan**

The purposes of the Partnership Plan are:

(a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between Shareholders and the management team of the Company, to enhance the cohesion of the management team of the Company, to strengthen the Company's competitiveness, and to ensure the realization of the Company's future development strategies and business objectives;

(b) to align the interests of the Shareholders, the Company, and grantees, ensuring that all parties are collectively focused on the Company's sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;

(c) to further improve the Group's performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group's strategic objectives; and

(d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

2. **Grantees of the Plan**

The scope of grantees under the Partnership Plan is:

(a) Directors and senior management of the Group;

(b) the Group's core technical staff, middle management and key employees with outstanding or special contributions in each department; and

(c) other persons who may participate in the Partnership Plan as determined by the Board of Directors or the authorized person.

Grantees under the Partnership Plan shall meet the following basic criteria:

(a) to identify himself or herself with the Company's philosophy;

(b) to be highly loyal to the Company;

(c) to make continuous efforts and contributions to the Group's medium and long-term development or to play an important role during critical periods; and

(d) to have no shareholding in, position with, provision of service for or salary from any entity which is in business competition or potential business competition with the Group, no violation of laws and regulations in the recent three years, and no other circumstances required by laws and regulations or the Listing Rules to be prohibited for grantees.

3. **Limit of the Plan**

The Partnership Plan is subject to the provisions of Rule 1A above.

4. **Individual Sub-Limit**

There is no limit on the number of Shares that may be granted to an individual participant under the Partnership Plan.

5. **Duration of the Plan**

Subject to early termination as determined by the Board under the Partnership Plan, the Partnership Plan shall remain in effect for a period of ten (10) years from the adoption date, after which no further incentive shares shall be made. Accordingly, the remaining life of the Partnership Plan is approximately nine years and five months as at the date of this annual report.

6. **Grant, Grant Price and Vesting**

The Board of Directors or the authorized person shall determine the specific number of incentive shares to be granted to a grantee, the subscription price (if any) and the manner of grant after taking into account a number of factors, such as his or her job position, years of service, remuneration and contribution to the Company.

The procedures for a grantee to acquire incentive shares are detailed below:

(a) The Board of Directors or the authorized person shall determine the list of grantees and the corresponding incentive shares;

(b) The grantees shall sign a share incentive agreement with the employee shareholding platform;

(c) The Board of Directors or the authorized person shall assist a grantee in completing the relevant procedure for registering the grantee as a limited partner of the employee shareholding platform within a reasonable period after the execution and effectiveness of the share incentive agreement.

To reflect the market fairness of the subscription price for incentive shares and to incentivize outstanding employees, the subscription price shall be determined according to the provisions of the share incentive agreement, but under no circumstances shall the subscription price be lower than the minimum price allowed by Chinese law.

During the Reporting Period, the Group has not yet granted any award under the H-Share Scheme or any incentive shares under the Partnership Plan.

Share Option Scheme

The principal terms of the Share Option Scheme are summarised below:

1. **Purpose of the Scheme**

The purposes of the Share Option Scheme are:

(i) to attract, motivate and retain skilled and experienced personnel who are eligible persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

(i) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

(ii) to (a) recognize the contributions of the leadership of the Company including the executive Directors, non-executive Directors and/or independent non-executive Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

2. **Participants of the Scheme**

Participants who may participate in the scheme only include employee participants, being PRC or non-PRC directors and employees (whether full-time or part-time) of the Company or any of its subsidiaries, and persons who are granted options as an inducement to enter into employment contracts with the Company or any of its subsidiaries; Persons whom the Board or the scheme administrator consider(s), in their sole discretion, to have contributed or will contribute to the Group; and no individual who is resident in a place where the grant, acceptance, vesting or exercise of the options pursuant to the scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the scheme administrator, compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such individual, shall be entitled to participate in the scheme.

The participants will not include any related entity and service provider participant which has the meaning ascribed to them under Rule 17.03A(1) of the Listing Rules.

In determining the employee participants, various factors will be assessed, including, among others, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group.

In addition, the participants are determined in accordance with the applicable laws and regulations, together with the actual circumstances and matters of the Company including the present and expected contribution of the relevant participant to the Group. No person shall be considered as a participant of the scheme if he or she:

(a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any securities regulatory bodies with authority in the last twelve months;

(b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last twelve months;

(c) is prohibited from serving as a Director or the senior management of the Company under the Company Law of the PRC; or

(d) is prohibited by any applicable laws to participate in share schemes or share incentive plans of a listed company.

The participants shall undertake that if any of the above provisions occur during implementation of the Scheme which would prevent them from being considered as a participant, they shall give up their rights to participate in the Scheme and shall not be given any compensation.

3. **Limit of the Scheme**

The Company shall not make any further grant of Options which will result in the scheme limit being exceeded unless the Shareholders approve a further refreshment of the scheme limit or Shareholders' approval has been obtained in compliance with the Listing Rules. The scheme limit will be 5% of the total number of the issued Shares (excluding any treasury shares) as of the adoption date, i.e. 23,283,271 H Shares, representing 4.72% of the issued Shares (excluding treasury shares) of the Company as at the date of this annual report.

4. Individual Sub-Limit

Where any grant of options to a grantee would result in the Shares issued and to be issued in respect of all options and awards granted to such person, pursuant to the Share Option Scheme and any other share scheme adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules), in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued Shares (excluding any treasury shares) at the relevant time, such grant must be separately approved by Shareholders in a general meeting with such grantee and their close associates (or associates if the grantee is a connected person of the Company) to abstain from voting.

Where any grant of options to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding options or awards lapsed in accordance with the relevant scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of issued Shares (excluding any treasury shares) at the relevant time, such further grant of options must be approved by Shareholders in general meeting, in which case the Company will send a circular to the Shareholders. The grantee, his/her associates and all core connected persons of the Company will abstain from voting in favor at such general meeting. The Company will also comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

5. Duration of the Scheme

Unless terminated earlier in accordance with the scheme rules, the scheme shall be valid and effective for the Scheme Period of ten years commencing from the date on which the Share Option Scheme is approved by the Shareholders, after which no further options shall be granted. However, as long as there are any options that have been before the expiry of the scheme, options granted prior to such termination shall continue to be valid and exercisable in accordance with the scheme.

Accordingly, the remaining life of the Share Option Scheme is approximately nine years and five months as at the date of this annual report.

6. Grant and Grant Price

Each offer of an option (the "**Offer**") shall be in writing made to a participant by letter in such form as the Board or the scheme administrator may from time to time determine at its discretion (the "**Offer Letter**"). The Offer Letter shall state, among others, the period during which the option may be exercised (the "**Option Period**"), which period is to be determined and notified by the Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the option.

The Board may specify in the Offer Letter any conditions which must be satisfied before the option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an option must be held before it can be exercised and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as the Board may determine from time to time.

The Board shall specify in the Offer Letter a date by which the grantee must accept the Offer, being a date no later than 14 business days after the date on which the option is offered (the "**Offer Date**").

No consideration is payable on acceptance of each grant of options by a participant.

No grant of any option to any participant may be made with respect to a grant of an option under certain circumstances including:

(a) where the requisite approval from any applicable regulatory authorities has not been granted, provided that to the extent permissible under applicable laws, an option may be made conditional upon such approval being obtained;

(b) where any member of the Group will be required under applicable laws to issue a prospectus or other offer documents in respect of such options or the scheme;

(c) where such options would result in a breach by any member of the Group or its directors of any applicable laws in any jurisdiction;

(d) where such grant of options would result in a breach of the scheme limit or the 1% individual limit or the minimum public float requirement as required under the Listing Rules (or the minimum percentage of public float as prescribed by the Stock Exchange), or would otherwise cause the Company to issue H Shares in excess of the permitted amount in the mandate approved by the Shareholders;

(e) where an option is granted to, or for the benefit of, a connected person of the Company, which requires specific approval of the Shareholders under the Listing Rules, until such Shareholders' approval is obtained, provided that to the extent permissible under applicable laws, such Offer may be made conditional upon such Shareholders' approval being obtained;

(f) after the expiry of the scheme period or after the earlier termination of the scheme;

(g) where the Company has come to knowledge of any inside information (as defined in the SFO), until (and including) the trading day after the Company has announced the information;

(h) in circumstances prohibited by the Listing Rules or where dealings by the participant will be prohibited under any code or requirement of the Listing Rules or any applicable laws;

(i) during the period commencing 30 days immediately before the earlier of:

   i. the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

   ii. the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) (whichever is earlier),

(j) and ending on the date of the results announcement, provided that such period will also cover any period of delay in the publication of any results announcement.

The exercise price shall be a price determined by the Board in its sole and absolute discretion and notified to an eligible person, but in any event must be at least the highest of:

(a) the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange on the Offer Date;

(b) the average of the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange for the five (5) business days immediately preceding the Offer Date; and

(c) the nominal value of an H Share.

7. Vesting

Subject to the relevant provisions under the scheme, the vesting period and the vesting conditions, if any, may be determined by the Board or the scheme administrator from time to time during the scheme period and subject to applicable laws and regulations, provided however that the vesting period shall not be less than twelve months, except that any options granted to an employee participant may be subject to a shorter vesting period including where:

(a) grants of "Make Whole" options to new employee participants to replace options and/or awards that such employee participants forfeited when leaving their previous employers;

(b) grants to an employee participant whose employment is terminated due to death or disability or event of force majeure;

(c) grants of options which are subject to fulfilment of performance targets as determined in the conditions of their grant;

(d) grants of options the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant employee participant, in which case the vesting date may be adjusted to take account of the time from which the options would have been granted if not for such administrative or compliance requirements;

(e) grants of options with a mixed vesting schedule such that the options vest evenly over a period of twelve months; or

(f) grants of options with a total vesting period of more than twelve months, such as where the options may vest by several batches with the first batch to vest within twelve months of the grant date and the last batch to vest twelve (12) months after the grant date.

Unless otherwise specified in the Offer Letter approved by the Board or the scheme administrator, all options under the scheme shall be vested in a number of tranches. The specific commencement and duration of each vesting period and the actual vesting amount of the options granted to a participant for the respective vesting periods shall be specified in the Offer Letter approved by the Board or the scheme administrator.

Subject to the Board or the scheme administrator setting at their discretion performance objectives for options under the scheme, vesting of the options granted under the scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions as set out in the Offer Letter. If the participant fails to fulfil the vesting conditions applicable to the relevant options, all the H Shares underlying the relevant options which may otherwise be vested during the respective vesting periods shall not be vested and become immediately lapsed with respect to such participant.

Details of the options granted to the participants of the Share Option Scheme and the movements during the Reporting Period are set out below:

Grantee	Relationship with the Company	Grant date	Number of options granted	Vesting period	Exercise period	Exercise price	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2024
Employees of the Group	–	November 19, 2024	5,124,445	Subject to the fulfilment of the performance target, 25% of the options granted shall be vested on November 19, 2025; 25% of the options granted shall be vested on November 19, 2026; 25% of the options granted shall be vested on November 19, 2027; and the remaining 25% of the options granted will be vested on November 19, 2028. Note 1	Valid for 4 years from the date of vesting and lapse at the expiry of such period.	HK$41.19 per H Share	–	5,124,445	–	–	–	–	5,124,445
Total	–	–	5,124,445	–	–	–	–	5,124,445	–	–	–	–	5,124,445

Notes:

1. The Share Options shall be subject to the individual performance target as set out in our employee incentive vesting assessment measures.

2. The closing price of the H Shares immediately before the date of grant on November 19, 2024 was HK$37.45 per share.

3. The weighted-average fair value as at the date of grant of the share options granted on November 19, 2024 was RMB13.89 per share. Please refer to Note 27 to the consolidated financial statements for the accounting standards and policies adopted.

For details of the total of 5,124,445 options granted on November 19, 2024, please refer to the announcement of the Company published on the same date.

As the Share Option Scheme had not been adopted at the beginning of the Reporting Period, there were no options available for grant at the beginning of the Reporting Period. As at the end of the Reporting Period, the number of Shares available for future grant under the scheme mandate limit of the Share Option Scheme was 18,149,521 Shares.

The number of Shares that may be issued for the options and awards granted under all share schemes of the Company during the Reporting Period (i.e. 5,124,445 shares) divided by the weighted average number of ordinary shares in issue (excluding treasury shares) of 465,649,303 during the Reporting Period was approximately 1.1%.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the revenue of the five largest customers of the Group accounted for 41.6% of the total revenue of the Group. In addition, the revenue of the single largest customer of the Group accounted for 10.6% of the total revenue of the Group for the same period.

For the year ended December 31, 2024, the purchase of the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

To the reasonable knowledge of the Directors, none of the Directors or any of their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the issued share capital of the Company (excluding treasury shares)) has any interest in any of the five largest suppliers or customers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 379,400 shares ("**Repurchased Shares**") on the Hong Kong Stock Exchange, with a total consideration (excluding fees) of HK$19,834,790. The details of the repurchased shares are as follows:

Month	Number of Repurchased Shares	Price paid per Share		Total consideration (before expenses)
		Highest	Lowest	
		(HK$)	(HK$)	(HK$)
May 2024	186,100	54.30	51.20	9,807,175
June 2024	73,700	53.55	52.00	3,900,745
July 2024	119,600	53.95	48.30	6,126,870
Total	**379,400**	**54.30**	**48.30**	**19,834,790**

The Board believed that repurchasing shares in the current market conditions would demonstrate the Company's confidence in its own business development and prospects, and ultimately benefit the Company and create value returns for Shareholders, which is in line with the interests of the Company and its Shareholders as a whole.

As at December 31, 2024, the Company held 193,300 treasury shares, which are intended to be used for employee incentives, sale or transfer to obtain liquidity, or other purposes (subject to the actual decision of the Board).

Save as disclosed herein, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CHARITABLE DONATIONS

During the Reporting Period, the Group donated money and supplies totaling RMB200,000 to external parties.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to the high standards of corporate governance and has adopted the code provisions set out in the CG Code. During the Reporting Period, the Company complied with all applicable code provisions set out in the CG Code except for deviations from Code Provision C.2.1.

In order to maintain the high standards of corporate governance, the Board will review and monitor the Company's Corporate Governance Code on an ongoing basis.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on Pages 55 to 71 of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by PricewaterhouseCoopers.

There has been no change in the auditor of the Company in the past three years.

By order of the Board
Beijing Fourth Paradigm Technology Co., Ltd.
DAI Wenyuan
Chairman

Beijing, PRC, March 31, 2025

COMPOSITION OF SUPERVISORY COMMITTEE

As of December 31, 2024, the Supervisory Committee consisted of three Supervisors, including two Supervisors appointed by the General Meeting of Shareholders and one employee representative Supervisor. The Supervisors serve three-year term, and can be re-elected upon expiration of their term of office.

The composition of the Supervisory Committee of the Company is as follows:

Name	Title	Date of appointment	Duties and responsibilities
Mr. Chai Yifei (柴亦飛)	Chairman of the Supervisory Committee and a shareholders' representative Supervisor	June 20, 2024	Supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor
Ms. Zhou Wenjing (周文靜)	Shareholders' representative Supervisor	June 20, 2024	Supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor
Ms. Shao Liling (邵麗玲)	Employee representative Supervisor	June 20, 2024	Monitoring financial position of our Group and supervising the performance of Directors and senior management as a representative of our employees

PRINCIPAL ACTIVITIES OF SUPERVISORY COMMITTEE IN 2024

In 2024, the Supervisory Committee attended all the Board meetings in accordance with the powers and functions conferred by the laws of the PRC and the rules and regulations of the Company. The Supervisory Committee performed its supervisory duties with due diligence in the interests of the Shareholders and employees of the Company. The Supervisory Committee is of the view that the Board operated in a standardized manner, made decisions according to law, faithfully executed the resolutions of the general meetings, and faithfully fulfilled its obligations of integrity. The Company has established a relatively sound internal control system, and there is no violation of laws, rules and regulations and the Company's rules and regulations by Directors and senior management in the performance of their duties, or any behavior that is detrimental to the interests of the Company and its Shareholders.

In 2024, the Supervisory Committee supervised and inspected the Company's financial standing and the implementation of the financial management system, and reviewed the Company's financial reports. The Supervisory Committee is of the opinion that the Company is in a sound financial position and standardized in financial operations, and that the financial reports published by the Company reflect the Company's financial position and operating results in an objective, all-round and fair manner.

2025 WORK PLAN OF SUPERVISORY COMMITTEE

In 2025, the Supervisory Committee will continue to fulfill its supervisory duties, abide by the principle of integrity, exercise effective supervision over the Company and its Directors and senior management, pay close attention to the Company's operations and management and major initiatives, and faithfully protect the interests of the Company and all Shareholders.

CORPORATE GOVERNANCE CULTURE

The Company strives to ensure that it operates its business with high ethical business standards, reflecting its firm belief that it must be act with integrity, transparency and accountability if it is to achieve its long-term business objectives. The Company believes that adherence to this philosophy will maximize returns for Shareholders in the long run, and that employees, business partners and the communities in which the Company operates will also benefit from it.

Corporate governance is the process by which the Board guides the Group's management on how to operate the business to ensure that business objectives are achieved. The Board is committed to maintaining and establishing sound corporate governance practices to ensure:

– Satisfactory and sustainable returns to Shareholders;

– Protection of the interests of those who do business with the Company;

– Understanding and appropriate management of overall business risk;

– Provision of quality products and services to satisfy its customers; and

– Maintaining of high standards of business ethics.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate our business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

In the opinion of the Directors, throughout the period from the Listing Date to the Reporting Period, the Company complied with all code provisions set out in the CG Code save as Code Provision C.2.1 of the Corporate Governance Code set out below.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between Chairman and Chief Executive Officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Dr. Dai currently performs these two roles. Details of the roles of the Chairman and the Chief Executive Officer are set out on Page 57 in the section headed "Board of Directors – Chairman and Chief Executive Officer" of this Corporate Governance Report.

Save as disclosed in this report, the Group complied with the code provisions set out in the CG Code throughout the Reporting Period and up to the date of this report.

The Company will continue to review and monitor its corporate governance practices on a regular basis to ensure compliance with the CG Code and to maintain its high standards of corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After the Company made specific enquiries with the Directors, all of the Directors confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance with the Model Code by the employees was noted by the Company during the Reporting Period.

BOARD OF DIRECTORS

The Company is headed by an effective Board. The Board oversees the business, strategic decisions and performance of the Group and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from the Directors to perform their responsibilities to the Company and whether the Directors are spending sufficient time performing them.

Directors

The Directors during the Reporting Period and up to the date of this report were as follows:

Executive Directors

Dr. Dai Wenyuan (戴文淵) *(Chairman, Chief Executive Officer and General Manager)*
Mr. Chen Yuqiang (陳雨強) *(Chief Research Scientist)*
Mr. Yu Zhonghao (于中灝) *(Vice Chairman and Senior Vice President)*

Non-executive Directors

Dr. Yang Qiang (楊強)
Mr. Dou Shuai (竇帥)
Mr. Zhang Jing (張晶)

Independent Non-executive Directors

Mr. Li Jianbin (李建濱)
Mr. Liu Chijin (劉持金)
Ms. Ke Yele (柯燁樂)

Supervisors

The Supervisors during the Reporting Period and up to date of this report were as follows:

Mr. Chai Yifei (柴亦飛)
Ms. Zhou Wenjing (周文靜)
Ms. Shao Liling (邵麗玲)

The biographies of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" of this report.

Save as disclosed under the section headed "Directors, Supervisors and Senior Management", to the knowledge of the Company, there are no other financial, business, family or other material/relevant relationships among the members of the Board.

Chairman and Chief Executive Officer

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period, the roles of Chairman and Chief Executive Officer of the Company are performed by Dr. Dai.

Dr. Dai has assumed the role of Chief Executive Officer of our Company since 2015. He has extensive experience in the business operations and management of our Group and in the AI industry. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Dai is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. The Board also believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this arrangement will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and consider splitting the roles of Chairman of the Board and 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.

Independent Non-executive Directors

Throughout the year ended December 31, 2024, the Board complied with the requirements set out in Rules 3.10 and 3.10(A) of the Listing Rules in relation to the appointment of at least three independent non-executive Directors, the possession of appropriate professional qualifications or accounting or related financial management expertise by at least one of the independent non-executive Directors and the appointment of independent non-executive Directors representing at least one-third of the Board.

The Board has received from each of the independent non-executive Directors an annual written confirmation of his/her independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. Accordingly, the Board considers all independent non-executive Directors to be independent.

Board Independence Assessment

The Board has established a mechanism to ensure that it has access to independent views and opinions. The Board ensures that at least three independent non-executive Directors are appointed and at least one-third of the Board members are independent non-executive Directors. In addition, the independent non-executive Directors will be appointed as members of the Board committees in accordance with the Listing Rules to ensure independent views and opinions as far as practicable. The Nomination Committee strictly adheres to the independence assessment criteria for the nomination and appointment of independent non-executive Directors as set out in the Listing Rules and is obliged to assess the independence of the independent non-executive Directors on an annual basis so as to ensure that they can exercise independent judgment on a continuous basis.

The Board considers the results of the assessment of the Board's independence for the year ended December 31, 2024 were satisfactory.

Appointment and Re-election of Directors

Each of the Directors has entered into a service contract or letter of appointment with the Company. The key elements of such service contracts or letters of appointment include (a) a term of office commencing on the date the election is approved at a general meeting and ending on the date of expiration of the term of office of the Board members; and (b) termination provisions pursuant to the terms of the contracts. A Director shall be eligible for re-election, subject to the approval of the Shareholders. Service contracts or letters of appointment may be renewed in accordance with the Articles of Association and applicable rules.

Each of the Supervisors has entered into a contract with the Company. Each contract contains provisions for compliance with relevant laws and regulations and adherence to the Articles of Association.

Moreover, the Company or its subsidiaries did not enter into any service contracts with the Directors and Supervisors proposed for re-election at the forthcoming annual general meeting of the Company which is not determinable within one year without compensation (other than statutory compensation).

The procedures and processes for the appointment, re-election and removal of the Directors are set out in the Articles of Association.

Pursuant to Article 102 of the Company's Articles of Association, the Directors are elected or replaced by the Shareholders at a general meeting for a term of three years and may be removed from office by the Shareholders at a general meeting prior to the expiration of their terms of office. Directors may be re-elected upon expiration of their terms of office.

The term of office of a Director shall be counted from the date on which the general meeting's resolution of electing him/her as a Director is adopted (unless otherwise provided by the resolution of such general meeting) and shall end upon the expiration of the term of that session of the Board of Directors. If a Director fails to be re-elected in time upon the expiration of his/her term of office, the original Director shall still perform his/her duties as a Director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected Director takes office.

Duties, Responsibilities and Contributions of the Board and Management

The Board shall be responsible for leading and controlling the Company and jointly responsible for directing and supervising the affairs of the Company.

The Board, directly and indirectly through its committees, provides leadership and guidance to management, monitors the Group's operational and financial performance and ensures the establishment of sound internal control and risk management systems by formulating strategies and overseeing their implementation.

All Directors (including non-executive Directors and independent non-executive Directors) bring to the Board a wide range of valuable business experience, knowledge and expertise to enable the Board to operate efficiently and effectively. The independent non-executive Directors are responsible for ensuring that the Company has a high standard of regulatory reporting, acting as an equalizer on the Board, and making effective independent judgments on corporate actions and operations.

All Directors have full and timely access to all information relating to the Company and may request, where appropriate, to seek independent professional advice in the discharge of their duties with the Company at the Company's expense.

The Directors are required to disclose to the Company the details of other offices held by them.

The Board reserves the right to make decisions on all important matters relating to the Company's policies, strategies and budgets, internal control and risk management, major transactions (particularly those that may involve conflicts of interest), financial information, appointment of Directors and other significant operational matters. The responsibilities relating to the execution of Board decisions, direction and coordination of the day-to-day operation and management of the Company are delegated to the management.

The Company has arranged appropriate Directors and Officers Liability Insurance to provide protection against any legal action brought against them as a result of their corporate activities.

Continuing Professional Development for Directors

Directors should keep abreast of regulatory developments and changes in order to perform their duties effectively and ensure that they continue to make informed and relevant contributions to the Board.

Each newly appointed Director has received formal and comprehensive induction training upon his/her first appointment to ensure that the Director has a proper understanding of the business and operations of the Company and fully understands the duties and obligations of a Director under the Listing Rules and relevant statutory requirements. Such induction training should be supplemented by regular meetings with the Group's senior management to understand the Group's business, governance policies and regulatory environment.

Directors should engage in appropriate continuing professional development to develop and update their knowledge and skills. The Company arranges internal briefings for Directors and will provide them with reading materials on relevant topics when appropriate. The Company encourages all Directors to attend relevant training programs at the Company's expense.

During the year ended December 31, 2024, the Directors were provided with information on an ongoing basis on developments in the legal and regulatory regime and in the business and market environment to assist them in discharging their duties. The Company and its professional advisers arrange ongoing briefings and professional development for the Directors.

Director	**Participation in continuing professional development** [Note]
Executive Directors	
Dr. Dai Wenyuan (戴文淵)	✓
Mr. Chen Yuqiang (陳雨強)	✓
Mr. Yu Zhonghao (于中灝)	✓
Non-executive Directors	
Dr. Yang Qiang (楊強)	✓
Mr. Dou Shuai (竇帥)	✓
Mr. Zhang Jing (張晶)	✓
Independent non-executive Directors	
Mr. Li Jianbin (李建濱)	✓
Mr. Liu Chijin (劉持金)	✓
Ms. Ke Yele (柯燁樂)	✓

Note: Attendance at training/seminars/meetings organized by the Company or other external organizations, or reading of related materials

Attendance at Board and Committee Meetings

The Board held 10 Board meetings during the Reporting Period. The attendance of the Directors at Board and committee meetings and general meetings of the Company, either in person or by electronic communication, during the Reporting Period is detailed in the table below:

Director	Attendance/number of meetings held during the Reporting Period				
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Shareholders' general meetings
Executive Directors					
Dr. Dai Wenyuan (戴文淵)	10/10	–	–	1/1	3/3
Mr. Chen Yuqiang (陳雨強)	10/10	–	–	–	3/3
Mr. Yu Zhonghao (于中灝)	10/10	–	–	–	3/3
Non-executive Directors					
Dr. Yang Qiang (楊強)	10/10	3/3	3/3	–	3/3
Mr. Dou Shuai (竇帥)	10/10	–	–	–	3/3
Mr. Zhang Jing (張晶)	10/10	–	–	–	3/3
Independent Non-executive Directors					
Mr. Li Jianbin (李建濱)	10/10	3/3	3/3	1/1	3/3
Mr. Liu Chijin (劉持金)	10/10	3/3	–	1/1	3/3
Ms. Ke Yele (柯燁樂)	10/10	–	3/3	–	3/3

At the Board meetings held during the Reporting Period, the Board discussed a number of matters including the Company's financial and operational performance, the Company's approved interim results, the business outlook and other significant matters.

During the Reporting Period, Dr. Dai (Chairman of the Board) held one meeting with the independent non-executive Directors without the presence of other Directors.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee specific areas of the Company's affairs. All Board committees established by the Company have specific written terms of reference which clearly define their powers and duties and are provided with sufficient resources to discharge their duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the website of the Company and the website of the Stock Exchange, and Shareholders may request for such information.

The chairpersons and members of each of the Board committees are listed in the "Corporate Information" section of this annual report.

Audit Committee

As of the end of the Reporting Period, the Audit Committee comprised three members, including two independent non-executive Directors and one non-executive Director, namely Mr. Li Jianbin (李建濱), Mr. Liu Chijin (劉持金) and Dr. Yang Qiang (楊強). Mr. Li Jianbin, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has adopted written terms of reference which deal clearly with its duties and responsibilities (the terms of reference are available on the websites of the Company and Stock Exchange).

The Audit Committee has reviewed the financial results and report for the year ended December 31, 2024 and has confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has discussed the audit and financial reporting matters. The Audit Committee has reviewed important matters relating to financial reporting, the effectiveness of the risk management and internal control systems and internal audit function, the appointment of an external auditor, and arrangements for employees to report possible misconduct. The Audit Committee conducts an annual review on the risk management and internal control systems.

The attendance record of the Audit Committee for the year ended December 31, 2024 is set out in "Attendance at Board and Committee Meetings".

During the year ended December 31, 2024, the Board did not deviate from any of the recommendations made by the Audit Committee with respect to the selection, appointment, resignation or removal of the external auditor.

Remuneration Committee

As of the end of the Reporting Period, the Remuneration Committee comprised three members, including two independent non-executive Directors and one non-executive Director, namely, Ms. Ke Yele (柯燁樂), Dr. Yang Qiang (楊強) and Mr. Li Jianbin (李建濱). Ms. Ke Yele serves as the chairlady of the Remuneration Committee. The Remuneration Committee has adopted written terms of reference which deal clearly with its duties and responsibilities (the terms of reference are available on the websites of the Company and Stock Exchange).

The Remuneration Committee is responsible for determining the policy for remuneration of Directors, assessing performance of executive Directors, approving terms of executive Directors' services contracts and reviewing and approving matters relating to share scheme. The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the Reporting Period, the Remuneration Committee held 3 meetings. During the meetings, the Remuneration Committee reviewed, among others, the remuneration policy and remuneration packages of the Directors and senior management and provided recommendations to the Board in this regard.

The following table sets out the range of remuneration payable to the Company's senior management (other than Directors) for the year ended December 31, 2024:

Remuneration	**Number of members**
Nil to HK$1 million	3
HK$1 million to HK$2 million	1
HK$2 million to HK$3 million	1
Total	5

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended December 31, 2024 are set out in Note 10(b) and Note 10(a) to the consolidated financial statements in this report, respectively.

Nomination Committee

As of the end of the Reporting Period, the Nomination Committee comprised three members, including one executive Director and two independent non-executive Directors, namely Dr. Dai Wenyuan (戴文淵), Mr. Li Jianbin (李建濱) and Mr. Liu Chijin (劉持金). Dr. Dai Wenyuan serves as the chairman of the Nomination Committee. The Nomination Committee has adopted written terms of reference which deal clearly with its duties and responsibilities (the terms of reference are available on the websites of the Company and Stock Exchange). With effect from March 31, 2025, Mr. Li Jianbin, an independent non-executive Director, has ceased to be a member of the Nomination Committee; and Ms. Ke Yele, an independent non-executive Director, has been appointed as a member of the Nomination Committee.

In evaluating the composition of the Board, the Nomination Committee considers a number of dimensions and factors relating to Board diversity as set out in the Company's Board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee discusses and agrees, as necessary, on measurable objectives for Board diversity and makes recommendations to the Board for adoption.

In identifying and selecting suitable candidates for directorship, the Nomination Committee considers, where appropriate, whether a candidate meets the relevant criteria set out in the Company's policy on nomination of directors (the "**Director Nomination Policy**") that are necessary to complement the Company's strategy and to achieve Board diversity before making recommendations to the Board.

The Board has reviewed its structure, size and composition and the independence of the independent non-executive Directors, and considers that the Board maintained an appropriate balance in terms of diversity of membership in 2024.

During the Reporting Period, the Nomination Committee held 1 meeting. During the meeting, the Nomination Committee reviewed, among others, the structure, number of members and composition of the Board and the independence of the independent non-executive Directors.

Board Diversity Policy

The Company is committed to promoting the culture of diversity. It has strived to promote diversity to the extent practicable by taking into consideration a number of factors in its corporate governance structure.

The Company has adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of its Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, computer science, AI technology, legal, economics, investment and accounting. They obtained degrees in various areas including computer science, law, economics, mathematics, astrophysics, finance. The Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 35 years old to 63 years old with experience from different industries, sectors and genders.

The Company will continue to take steps to promote gender diversity at all levels, including but not limited to the Board and the senior management levels. It will encourage the incumbent Board members to recommend female candidate Directors and take other actions to help achieve greater Board diversity, for example inviting some of outstanding female staff at mid to senior level to attend and observe Board meetings. This will allow the Board to understand more about these potential female candidates before they are nominated to the Board and provide opportunities for potential female candidates to prepare themselves for director duties. The Company will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that it will have a pipeline of female senior management and potential successors to the Board in due time to ensure gender diversity of the Board. The Group will continue to emphasize training of female talent and providing long-term development opportunities for female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, the Company is of the view that the Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

The composition of the Board is in line with the Company's Board Diversity Policy due to the Company's existing business model and specific needs as well as the diverse backgrounds of the Directors.

The Company is committed to adopting a similar approach to promote diversity in its management, including but not limited to senior management, in order to enhance the overall effectiveness of its corporate governance.

The Nomination Committee has been delegated by the Board to be responsible for compliance with the code relating to Board diversity in the CG Code. The Nomination Committee will review the Board Diversity Policy from time to time to ensure that it remains effective.

As of December 31, 2024, we had 967 employees, of which 652 were male and 315 were female. The gender ratio of employees, including senior management, is approximately 67% male to 33% female. The Company aims to achieve a more balanced gender ratio in its workforce. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. The Company is not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Director Nomination Policy

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for appointment as Directors of the Company at general meetings.

The Company has a Director Nomination Policy that sets out the selection criteria and procedures and the considerations for nomination and appointment of Directors in the Board Succession Plan, which is designed to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and continuity of the Board, as well as appropriate leadership at the Board level.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and the re-election of Directors at general meetings. The Nomination Committee will make recommendations to the Board on the appointment of Directors (including independent non-executive Directors) in accordance with the following selection criteria and nomination procedures:

(a) The Nomination Committee should give consideration to the Rules Governing the Listing Rules, the Company's Articles of Association and applicable laws and regulations in identifying individuals suitably qualified to become Directors;

(b) The Nomination Committee will consider the following factors in evaluating candidates: (i) integrity; (ii) educational background, professional qualifications and working experience (including part-time jobs); (iii) the availability of appropriate skills and experience; (iv) whether they are able to devote sufficient time and attention to the affairs of the Company; (v) the ability to promote diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and (vi) whether the candidates for independent non-executive Directors meet the independence requirements under Rule 3.13 of the Listing Rules;

(c) The Nomination Committee is required to convene a meeting and invite nominees, if any, from Board members for consideration by the Nomination Committee prior to the meeting. The Nomination Committee may nominate individuals who have not been nominated by Board members;

(d) In respect of the appointment of any Director candidate, the Nomination Committee shall conduct sufficient due diligence on the candidate and make recommendations to the Board for its consideration; and

(e) For the re-appointment of any existing member of the Board, the Nomination Committee shall make a recommendation for the Board's consideration. The Nomination Committee will review the Director Nomination Policy from time to time and as appropriate to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code.

During the year ended December 31, 2024, the Board reviewed the Company's policies and practices on corporate governance, training and continuing professional development of Directors and senior management, the Company's compliance with the policies and practices as stipulated in laws and regulations and the Model Code, the Company's compliance with the CG Code and the disclosure information in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for risk management and internal control systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management and Internal Control Governance Framework

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional departments. The Company has established an internal audit department to actively perform internal audit functions.

Financial Reporting Risk Management

We have adopted comprehensive accounting policies in connection with our financial reporting risk management, such as financial management, budget management and financial statement preparation. We also have procedures in place to carry out such accounting policies, and our finance department reviews our management accounts in accordance with such procedures. In addition, we provide ongoing training to our finance staff to ensure that these policies are well-observed and effectively implemented.

Information System Risk Management

Sufficient maintenance, storage and protection of our data and other related information are critical to our success. We have implemented relevant internal procedures and controls to ensure that our data is protected and that leakage and loss of such data are avoided.

We have implemented comprehensive internal policies on protecting data privacy and security under the supervision of our Chief Architect, and we have established a Data and Information Security Committee, members of which include the responsible persons in various departments such as IT, R&D, Solution Deployment, Human Resources and Compliance. The committee is responsible for formulating data and information security strategies, and decision-making in material data and information incidents. We also engage external legal counsel to review and update our internal policies and ensure continuous compliance with all applicable laws and regulations.

We implement a robust internal authentication and authorization system to ensure that our confidential and important data can only be accessed for authorized use and by authorized personnel. We have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes and are required to verify authorization upon every access attempt.

We have established an all-round information system in reference to data security requirements, national standards and industry best practices and intend to continually invest heavily in data security and privacy protection. Our information system applies multiple layers of safeguards, including both internal and external firewalls, to identity and protect us against security attacks. We have completed various information security, privacy and compliance certifications/validations, proving the security and reliability of our data protection technologies.

Compliance and Intellectual Property Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations, as well as the protection of our intellectual property rights. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties or us to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements. There was no material and systemic non-compliance event during the Track Record Period and as of the Latest Practicable Date.

We have in place detailed internal procedures to ensure that our in-house legal department reviews our solutions and services, including upgrades to existing solutions, for regulatory compliance before they are made available to the general public. Our legal department is also responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. We obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

Human Resources Risk Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance-based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential incompliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

In particular, we have in place a set of comprehensive anti-corruption and anti-bribery policies within our company (the "**Anti-corruption Policy**") to promote and support the compliance with applicable anti-corruption laws and regulations, providing guidance on anti-corruption and anti-bribery practices, the whistleblowing channel, as well as the responsibilities for implementing the policies. All of our employees and third-party agents are required to understand and comply with the Anti-corruption Policy, and we from time to time provide anti-corruption trainings to our employees and third-party agents. Under our current whistleblowing policy, one who becomes aware of any possible violations of applicable law or the Anti-corruption Policy should report the relevant incidents to the legal department immediately. Such reports will be treated with confidentiality, and the reported matter will be investigated and handled in a prompt, independent and fair manner.

Investment Risk Management

Our investment department is responsible for investment project sourcing, screening, execution and portfolio management. The department sources investment projects in accordance with our investment strategy, and conducts thorough Pre-investment due diligence to assess the risks, business synergies and potential return of the investment projects.

Policy on the Disclosure of Inside Information

The Company has put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, Supervisors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiry.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

Effectiveness of Internal Control and Risk Management

The Audit Committee, on behalf of the Board, has conducted an annual review on the effectiveness of the Group's internal control and risk management systems for the year ended December 31, 2024. The work process of the review included, but was not limited to, listening to the business management team and the external auditor, reviewing the results of the management's self-assessment of the internal control system and the risk assessment, and discussing material risks with the senior management team. The Board is of the view that the Group's internal control and risk management systems were effective and adequate during the Reporting Period and the Group had complied with the code provisions in relation to internal control and risk management in the CG Code.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended December 31, 2024, which give a true and fair view of the affairs of the Company and the Group and of the results and cash flows of the Group.

Management has provided the Board with explanations and information necessary to enable the Board to conduct an informed assessment on the Company's consolidated financial statements, which are presented to the Board for approval. The Directors are not aware of any material uncertainties relating to events or circumstances that may cast significant doubt upon the Company's ability to continue as a going concern.

The declaration of reporting responsibility made by the independent auditor of the Company on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on Pages 72 to 79.

AUDITOR' REMUNERATION

The remuneration paid/payable to the Company's independent auditor, PricewaterhouseCoopers, for its audit and non-executive services for the year ended December 31, 2024 is set out below. The non-audit service conducted by the auditor is agreed-upon procedures service.

Type of services	**Expenses paid/ payable** RMB'000
Audit services	5,100
Non-audit services	100
Total	5,200

JOINT COMPANY SECRETARIES

During the Reporting Period, Ms. Guo Qingyuan was one of the joint company secretaries of the Company and was responsible for advising the Board on corporate governance matters and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations. Subsequently, on January 21, 2025, Mr. Peng Jun was appointed as one of the joint company secretaries of the Company. On the same date, Ms. Guo Qingyuan resigned as the joint company secretary of the Company.

During the Reporting Period, the Company appointed Ms. Yeung Siu Wai Kitty ("**Ms. Yeung**"), a senior manager of company secretarial services of Tricor Services Limited, a member of Vistra Group, as the other joint company secretary of the Company to assist Ms. Guo Qingyuan in discharging her duties as the company secretary of the Company, in order to maintain good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws. Following the resignation of Ms. Guo Qingyuan as joint company secretary of the Company on January 21, 2025, Ms. Yeung has continued with the role and act as the other joint company secretary of the Company. Mr. Peng Jun is her main contact person in the Company.

During the year ended December 31, 2024, each of Ms. Guo Qingyuan and Ms. Yeung received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

For more information about Mr. Peng Jun and Ms. Yeung, please refer to the announcement of the Company dated January 21, 2025.

ARTICLES OF ASSOCIATION

There were no changes to the Articles of Association during the Reporting Period and up to the date of this annual report.

SHAREHOLDERS' RIGHTS

The Company communicates with its Shareholders through various communication channels. The Company's information is communicated to Shareholders in the following manner:

- Presentation of annual and interim results and reports to all Shareholders;

- Publication of announcements relating to annual and interim results on the websites of the Stock Exchange and the Company and other announcements and Shareholders' circulars pursuant to the continuous disclosure obligations under the Listing Rules; and

- The Company's general meetings, which are one of the channels for effective communication between the Board and the Shareholders.

In order to protect the interests and rights of the Shareholders, separate resolutions will be proposed at the general meetings of the Company in respect of each significant individual matter, including the election of individual Directors. Pursuant to the Listing Rules, all resolutions proposed at the general meetings will be voted on by way of a poll, the results of which will be posted on the websites of the Company and the Stock Exchange after the conclusion of the general meetings.

CONVENING OF SHAREHOLDERS' GENERAL MEETINGS

The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

According to Article 50 in the Articles of Association, independent non-executive Directors shall be entitled to propose to the Board to convene an extraordinary general meeting.

Regarding the proposal requesting to convene an extraordinary general meeting by the independent non-executive Directors, the Board shall, pursuant to the relevant laws, administrative regulations and the Articles of Association of the Company, give a written reply stating its consent or reject for the convening of the extraordinary general meeting within 10 days after receiving the proposal.

If the Board agrees to convene the extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the passing of the relevant Board resolution. If the Board does not agree to convene the extraordinary general meeting, it shall state the reasons therefor and make an announcement thereof.

Pursuant to Article 51 of the Company's Articles of Association, the Supervisory Committee is entitled to propose in writing to the Board to convene an extraordinary general meeting. The Board shall, pursuant to the relevant laws, administrative regulations and the Articles of Association of the Company, give a written reply stating its consent or reject for the convening of the extraordinary general meeting within 10 days after receiving the proposal.

If the Board agrees to convene the extraordinary general meeting, the notice of convening such meeting shall be issued within 5 days after it passes a resolution. Any changes to the original proposal in the notice should be approved by the Board.

If the Board makes a rejection or does not respond within 10 days of receipt of the proposal, it shall be deemed to be unable to fulfill or fail to meet its duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting on its own.

Pursuant to Article 52 of the Company's Articles of Association, Shareholders holding, individually or collectively, more than 10% of the shares entitled to vote at such proposed meeting are entitled to request in writing the Board to convene an extraordinary general meeting. The Board shall, in accordance with the laws, administrative regulations, the Listing Rules of the Stock Exchange on which the Company's Shares are listed and the Company's Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receipt of the written request.

In the event that the board of directors agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the board of directors. Any changes to the original proposal contained in the notice shall be subject to the approval of the supervisory committee.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days after receiving such request, shareholders alone or in aggregate holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of extraordinary general meeting, and such proposal shall be made in writing.

In the event that the supervisory committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after receiving such request. Any changes to the original request made in the notice shall be subject to the consent of the shareholders concerned.

In the event that the Supervisory Committee fails to issue a notice of the general meeting within the stipulated period, the Supervisory Committee shall be deemed not convene and preside over a general meeting, and shareholders alone or in aggregate holding 10% or more of the Company's shares for 90 consecutive days or more shall be entitled to convene and preside over the meeting on their own.

PRESENTATION OF RESOLUTIONS AT SHAREHOLDERS' GENERAL MEETINGS

When the Company convenes a Shareholders' general meeting, the Board, the Supervisory Committee and Shareholders who individually or collectively own more than 3% of the Company's Shares have the right to propose a resolution to the Company.

Shareholders who individually or collectively hold more than 3% of the Shares of the Company may propose temporary resolutions and submit them in writing to the convener 10 days before the general meeting is held. The convener shall issue a supplemental notice of the general meeting within two days after receiving the proposed resolution announcing the contents of the temporary resolution.

Save as provided above, the convener shall not amend resolutions stated in or add new resolutions to the notice of the general meeting after the same has been issued and announced.

No voting or resolution shall be executed or adopted at the general meeting for resolutions that have not been stated in the notice of the general meeting or that do not comply with Article 56 of the Articles of Association.

MAKING ENQUIRIES TO THE BOARD

Shareholders who wish to make any enquiries to the Board may send their written enquiries to the Company. The Company generally does not handle verbal or anonymous enquiries.

Contact Details

Shareholders may send such enquiries or requests or put forward proposals in the following manner:

Address: Block A, Hongyuan New Era, Shangdi West Road, Haidian District, Beijing, PRC
Email: IR@4paradigm.com

For the avoidance of doubt, to be valid, a Shareholder must send a duly signed original of a written request, notice or statement or enquiry (as the case may be) to the above address, giving his/her full name, contact details and identity. Shareholder information may be disclosed as required by law.

SHAREHOLDER COMMUNICATION POLICY

The Company recognizes that effective communication with its Shareholders is essential in fostering investor relations and deepening investors' understanding of the Group's business performance and strategy. Accordingly, the Company has set up a website (www.4paradigm.com) from which the public can obtain relevant and up-to-date information, the latest developments regarding its business operations and development, its financial information and corporate governance practices and other data. Information uploaded by the Company to the Stock Exchange's website will also be immediately posted on the Company's website.

The Company also endeavors to maintain an ongoing dialogue with its Shareholders, especially through annual general meetings and other general meetings, so as to obtain information about the Company, including its latest strategic plans, products and profit distribution plans. The Directors (or their representatives, as the case may be) will meet with Shareholders and respond to their enquiries at the annual general meeting.

The Company has a Shareholder Communication Policy in place. During the year ended December 31, 2024, the Board reviewed the implementation and effectiveness of the Policy, and all the results of the review were satisfactory on the basis that the Shareholder Communication Policy provides sufficient channel to provide information to the Shareholders and solicit views from the Shareholders.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") in accordance with Code Provision F.1.1 in the CG Code. In recommending the payment of a dividend and determining the amount of the dividend, the Board shall consider, among other things, (i) our actual and estimated financial performance; (ii) our estimated working capital requirements, capital expenditure requirements and future business expansion plans; (iii) our current and future cash flows; (iv) other internal and external factors that may affect our business operations or financial performance and condition; and (v) other factors that our Board deem relevant.

The Board may determine and pay to the Shareholders of the Company such interim and final dividends as it thinks fit, subject to the approval of the Shareholders at a general meeting of the Company.

Taking into account the business development needs of the Company and the factors set out in the Dividend Policy, the Board does not recommend the payment of a final dividend for the year ended December 31, 2024.

As of December 31, 2024, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

To the Shareholders of Beijing Fourth Paradigm Technology Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Beijing Fourth Paradigm Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 80 to 171, comprise:

- the consolidated balance sheet as at December 31, 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Measurement of expected credit losses of trade receivables
- Impairment assessment of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition Refer to Notes 2.1(m) and 6 to the consolidated financial statements. The Group is primarily engaged in the sales of Sage Platform and applications and provision of application development and other services. The Group's revenue is recognized upon transfer of control of products or services to the customer, at a point in time or over time, depending on the nature, terms and conditions of the business arrangements. During the year ended December 31, 2024, the Group's revenue as recognized at a point in time and over time amounted to approximately RMB5,237 million and RMB24 million, respectively. We focused on this area and devoted significant audit resources to this area due to the magnitude of revenue transactions and the variety of the relevant contract terms and conditions as agreed with customers.	In response to this key audit matter, we have performed the following procedures: • Understood and evaluated the Group's key process and internal controls in relation to revenue recognition. • Assessed the Group's revenue recognition policies with reference to the requirements of the applicable prevailing accounting standards. • Tested the sales transactions, on a sample basis, by examining relevant supporting documents including sales contracts and customers' acceptance reports. • Checked sales contracts on a sample basis, identified the key terms and conditions relating to the transfers of control of products or services to customers, and assessed the Group's determination of whether the Group is acting as the principal or agent in offering products or services to the customers. • Tested sales transactions recorded before and after the balance sheet date, on a sample basis, by examining sales contracts and tracing to the respective customers' acceptance reports to assess whether revenue was recognized in the appropriate reporting period. • Obtained confirmation letters from customers, on a sample basis, to confirm the amount of transactions for the year. Based on the procedures performed, we found that the Group's revenue as recognized was supported by the evidence obtained.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses of trade receivables Refer to Notes 2.1(e)(iii), 2.2(d), 3.1(b), 4(c) and 22 to the consolidated financial statements. As at December 31, 2024, the Group recorded gross trade receivables of approximately RMB3,367 million, against which credit loss allowances of approximately RMB281 million was recognized. The Group applied the simplified approach as permitted by International Financial Reporting Standards 9 "Financial Instruments" to determine the amounts of expected credit losses on trade receivables. To measure expected credit losses, trade receivables have been grouped based on their shared credit risk characteristics, and then adjusting historical credit loss experience to incorporate relevant, current and more forward-looking information that is reasonable and supportable, and available without undue cost or effort at the reporting date. We focused on this area due to the significance of the balance of trade receivables and complex estimates and judgements were involved in the assessment of expected credit losses as mentioned above.	In response to this key audit matter, we have performed the following procedures: • Understood and evaluated management's internal control and assessment process of impairment assessment of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • Evaluated the appropriateness of the methodology and model as adopted by management in determining the expected credit loss allowances on trade receivables. • Evaluated the appropriateness of the grouping of trade receivables by reference to their shared credit risk characteristics. • Tested, on a sample basis, the accuracy of the key data inputs used by management in the impairment assessment such as the aging information of trade receivables against the relevant underlying supporting documents. • Assessed the reasonableness of the parameters and assumptions as adopted by management in the expected credit loss model by analysing historical credit loss rates with historical payment records, aging analysis of trade receivables and external credit risk of customers. • Evaluated the reasonableness of the forward-looking information and data published by external credit rating institution as applied by management with reference to our analysis and internal specialist judgments of the market or industry data as obtained from our independent internet search. • Evaluated the results of management's sensitivity analysis of credit loss rates and forward-looking information using reasonably possible changes of the relevant key parameters.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses of trade receivables (continued)	• Tested the mathematical accuracy of the calculations of the expected credit loss rates and the amounts of expected credit loss provision. • Assessed the appropriateness and adequacy of the disclosures related to impairment of trade receivables in the context of the applicable prevailing accounting standards. Based on the procedures performed, we considered that the methodology, significant judgements and estimates as adopted by management in the impairment assessment of trade receivables were supported by the evidence obtained.
Impairment assessment of goodwill Refer to Notes 2.1(c)(i), 2.1(d), 4(b) and 16 to the consolidated financial statements. As at December 31, 2024, the Group had goodwill of approximately RMB166 million arising from business acquisitions as completed in prior years. Management engaged an external valuer to assist them in conducting an impairment assessment on the aforesaid goodwill. Management considered each of the acquired business as a separate cash generating unit ("CGU") and determined the recoverable amount of each CGU based on the higher of the fair value less cost of disposal and value-in-use of the respective CGUs as calculated using the discounted cash flow method. The key assumptions used in the impairment assessment primarily include the revenue growth rate, terminal growth rate and discount rate.	In response to this key audit matter, we have performed the following procedures: • Understood and evaluated the management's internal control and assessment process of impairment assessment of goodwill and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • Evaluated the appropriateness of management's identification of CGUs by reference to the Group's accounting policies and our understanding on the Group's different business lines and relevant business acquisitions. • Evaluated the competency, capabilities and objectivity of the external valuer engaged by the Group. • Assessed the appropriateness of the valuation methodology as applied by management with the assistance of our internal valuation expert.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill (continued) We focused on this area due to the significance of the amount of goodwill and given that significant judgments and estimates were involved in the impairment assessment.	• Assessed the reasonableness of the key assumptions as adopted by management by reference to the market or industry data as obtained from our independent internet search and the historical and subsequent actual financial performance of the related entities acquired. • Tested the mathematical accuracy of the calculations of the recoverable amounts of the respective CGUs. • Evaluated the sensitivity analysis prepared by management around the key assumptions to assess the potential impact on the impairment assessment results of the possible changes of key assumptions. • Conducted retrospective review by comparing the current period actual results of the related entities acquired with previous forecast to consider whether key assumptions included in that forecast had been subject to management bias and to assess the effectiveness of management's estimation process. • Assessed the appropriateness and adequacy of the disclosures related to impairment assessment of goodwill in the context of the applicable prevailing accounting standards. Based on the procedures performed, we found that the methodology, significant judgements and estimates as adopted by the management in the impairment assessment of goodwill were supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Company is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Audit Committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 31, 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
	Note	2024 RMB'000	2023 RMB'000
Revenue	6	**5,260,650**	4,204,142
Cost of sales	9	**(3,015,821)**	(2,224,594)
Gross profit		**2,244,829**	1,979,548
Selling and marketing expenses	9	**(268,699)**	(423,384)
General and administrative expenses	9	**(193,310)**	(341,943)
Research and development expenses	9	**(2,169,767)**	(1,768,996)
Credit loss allowance	9	**(199,961)**	(79,537)
Other income	7	**120,145**	89,426
Other gains/(losses), net	8	**111,681**	(548)
Operating loss		**(355,082)**	(545,434)
Share of profits/(losses) of investments accounted for using the equity method	17(b)	**19,265**	(1,597)
Finance income	11	**51,866**	54,218
Finance costs	11	**(6,137)**	(438,016)
Loss before income tax		**(290,088)**	(930,829)
Income tax (expenses)/credit	12	**(6,179)**	10,260
Loss for the year		**(296,267)**	(920,569)
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss			
Currency translation differences		**3,258**	(3,126)
Item that will not be reclassified to profit or loss			
Share of other comprehensive (loss)/income of investments accounted for using the equity method	17(b)	**(10,961)**	5,814
Other comprehensive (loss)/income for the year, net of tax		**(7,703)**	2,688
Total comprehensive loss for the year		**(303,970)**	(917,881)
Loss attributable to:			
Owners of the Company		**(268,788)**	(908,717)
Non-controlling interests		**(27,479)**	(11,852)
		(296,267)	(920,569)

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Total comprehensive loss attributable to:			
Owners of the Company		(276,491)	(906,029)
Non-controlling interests		(27,479)	(11,852)
		(303,970)	(917,881)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)	13		
Basic		(0.58)	(2.80)
Diluted		(0.58)	(2.80)

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

CONSOLIDATED BALANCE SHEET

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Right-of-use assets	14(a)	**24,299**	44,363
Property and equipment	15	**34,685**	47,047
Intangible assets	16	**189,747**	425,678
Investments accounted for using the equity method	17(b)	**554,509**	53,436
Financial assets at fair value through profit or loss	19	**459,968**	456,824
Contract assets	6(a)	**1,236**	21,273
Term bank deposits	24(c)	**405,009**	204,157
Other non-current assets	20	**227,927**	237,970
		1,897,380	1,490,748
Current assets			
Inventories	21	**171,617**	295,262
Contract assets	6(a)	**1,026**	42,104
Trade receivables	22	**3,085,640**	1,843,610
Prepayments and other receivables	23	**535,966**	384,388
Financial assets at fair value through profit or loss	19	**475,234**	562,335
Term bank deposits	24(c)	**559,653**	492,946
Restricted cash	24(b)	**2,511**	57,990
Cash and cash equivalents	24(a)	**858,618**	1,977,891
		5,690,265	5,656,526
Total assets		**7,587,645**	7,147,274
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	25	**465,859**	465,859
Treasury stock	26	**(18,107)**	–
Reserves	26	**9,969,530**	9,969,638
Accumulated losses		**(5,355,163)**	(5,086,375)
		5,062,119	5,349,122
Non-controlling interests		**8,769**	103,392
Total equity		**5,070,888**	5,452,514

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	14(b)	11,470	20,189
Deferred income tax liabilities	30	7,782	1,482
Borrowings	31	–	12,500
Other non-current liabilities	32	–	17,439
		19,252	51,610
Current liabilities			
Trade payables	28	2,183,263	1,043,189
Other payables and accruals	29	94,789	270,597
Contract liabilities	6(b)	173,055	146,184
Lease liabilities	14(b)	11,009	25,697
Income tax liabilities		1,336	4,037
Borrowings	31	5,883	96,247
Other current liabilities		28,170	57,199
		2,497,505	1,643,150
Total liabilities		2,516,757	1,694,760
Total equity and liabilities		7,587,645	7,147,274

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

The consolidated financial statements on pages 80 to 171 were approved by the Board of Directors of the Company on March 31, 2025 and were signed on its behalf by:

Dai Wenyuan
Director

Yu Zhonghao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company						
		Share capital (Note 25) RMB'000	Treasury stock (Note 26) RMB'000	Reserves (Note 26) RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity/ (deficit on total equity) RMB'000
Balance at January 1, 2024		465,859	–	9,969,638	(5,086,375)	5,349,122	103,392	5,452,514
Comprehensive loss								
Loss for the year		–	–	–	(268,788)	(268,788)	(27,479)	(296,267)
Currency translation differences		–	–	3,258	–	3,258	–	3,258
Share of other comprehensive loss of investments accounted for using the equity method	17(b)	–	–	(10,961)	–	(10,961)	–	(10,961)
Total comprehensive loss for the year		–	–	(7,703)	(268,788)	(276,491)	(27,479)	(303,970)
Transactions with owners in their capacity as owners								
Repurchase of shares	26	–	(18,107)	–	–	(18,107)	–	(18,107)
Share-based payments	27	–	–	3,797	–	3,797	–	3,797
Share of reserves of investments accounted for using the equity method	17(b)	–	–	3,798	–	3,798	–	3,798
Partial disposal of subsidiaries	35	–	–	–	–	–	(67,144)	(67,144)
Total transactions with owners in their capacity as owners		–	(18,107)	7,595	–	(10,512)	(67,144)	(77,656)
Balance at December 31, 2024		465,859	(18,107)	9,969,530	(5,355,163)	5,062,119	8,769	5,070,888

		Attributable to owners of the Company						
	Note	Share capital (Note 25) RMB'000	Treasury stock (Note 26) RMB'000	Reserves (Note 26) RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	(Deficit on total equity)/ total equity RMB'000
Balance at January 1, 2023		437,706	(4,898,094)	7,063,334	(4,177,658)	(1,574,712)	113,701	(1,461,011)
Comprehensive income/(loss)								
Loss for the year		–	–	–	(908,717)	(908,717)	(11,852)	(920,569)
Currency translation differences		–	–	(3,126)	–	(3,126)	–	(3,126)
Share of other comprehensive income of investments accounted for using the equity method	17(b)	–	–	5,814	–	5,814	–	5,814
Total comprehensive income/(loss) for the year		–	–	2,688	(908,717)	(906,029)	(11,852)	(917,881)
Transactions with owners in their capacity as owners								
Issuance of ordinary shares upon initial public offering ("IPO"), net of issuance costs		20,194	–	957,452	–	977,646	–	977,646
Derecognition of redemption liabilities		–	4,898,094	2,020,081	–	6,918,175	–	6,918,175
Capital contribution from shareholders		13,537	–	181,129	–	194,666	–	194,666
Repurchase and cancellation of shares		(5,578)	–	(253,444)	–	(259,022)	–	(259,022)
Transactions with non-controlling interests		–	–	(1,602)	–	(1,602)	1,602	–
Disposal of subsidiaries		–	–	–	–	–	(59)	(59)
Total transactions with owners in their capacity as owners		28,153	4,898,094	2,903,616	–	7,829,863	1,543	7,831,406
Balance at December 31, 2023		465,859	–	9,969,638	(5,086,375)	5,349,122	103,392	5,452,514

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash used in operations	37(a)	**(642,076)**	(1,028,770)
Interest received		**23,551**	30,259
Income tax paid		**(3,475)**	(67)
Net cash used in operating activities		**(622,000)**	(998,578)
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		**(28,313)**	(38,787)
Proceeds from disposal of property and equipment		**368**	352
Placement of term bank deposits		**(1,292,093)**	(100,000)
Withdrawal of term bank deposits		**1,001,392**	100,000
Interest income received from term bank deposits		**47,871**	12,833
Purchase of short-term investments measured at fair value through profit or loss		**(995,000)**	(1,540,000)
Proceeds from disposal of short-term investments measured at fair value through profit or loss		**1,172,898**	2,446,269
Investment income received from disposal of short-term investments measured at fair value through profit or loss		**15,169**	19,282
Purchase of long-term investments measured at fair value through profit or loss		**(74,592)**	(155,000)
Proceeds from disposal of long-term investments measured at fair value through profit or loss		**–**	2,000
Purchase of investments accounted for using the equity method	17(b)	**(300,000)**	(5,760)
Proceeds from disposal of investments accounted for using the equity method	17(b)	**–**	25,096
Dividends received		**2,207**	–
Settlement of consideration payable for business combination completed in prior years		**(42,877)**	(42,877)
Proceeds from partial disposal of subsidiaries, net of cash disposed	35	**18,801**	–
Net cash (used in)/from investing activities		**(474,169)**	723,408

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares upon IPO, net of underwriting commissions, levy and stamp duty		–	998,379
Capital contribution by shareholders		–	194,666
Payments for repurchase of shares		(18,107)	(259,022)
Payment of listing expenses capitalized or to be capitalized		–	(4,528)
Proceeds from borrowings		45,666	104,547
Repayment of borrowings		(39,980)	(68,354)
Interest expenses paid		(1,446)	(3,003)
Payment of lease liabilities	14(b)	(25,564)	(31,966)
Loan from a related party		8,500	–
Net cash (used in)/from financing activities		(30,931)	930,719
Net (decrease)/increase in cash and cash equivalents		(1,127,100)	655,549
Cash and cash equivalents at the beginning of the year		1,977,891	1,326,818
Effects of exchange rate changes on cash and cash equivalents		7,827	(4,476)
Cash and cash equivalents at the end of the year	24(a)	858,618	1,977,891

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

1 GENERAL INFORMATION

Beijing Fourth Paradigm Technology Co., Ltd. (the "Company", formerly known as Shenzhen Qianhai Fourth Paradigm Data Technology Co., Ltd.) was incorporated in Shenzhen, the People's Republic of China (the "PRC") on September 17, 2014 as a limited liability company, and relocated to Beijing, PRC on April 21, 2021. On July 9, 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company's registered office is No. L01301-1, Level 13, Building 1, No. 66, Qinghe Middle Street, Haidian District, Beijing, PRC.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are primarily engaged in sales of self-developed artificial intelligence ("AI") platform ("Sage Platform") and other ready-to-use applications and provision of application development and other services in the PRC and certain overseas countries and regions.

Mr. Dai Wenyuan is the ultimate controlling shareholder of the Group as at the date of approval of these consolidated financial statements.

On September 28, 2023, the Company has successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements of the Group are presented in Renminbi ("RMB"), unless otherwise stated. The consolidated financial statements of the Group were approved by the Board of Directors of the Company on March 31, 2025.

2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards ("IFRS");
- IAS Standards ("IAS"); and
- Interpretations developed by the IFRS Interpretations Committee (the "IFRS IC") or its predecessor body, the Standing Interpretations Committee (the "SIC").

The consolidated financial statements of the Group have been prepared under the historical cost convention, except that certain financial assets are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards adopted by the Group

The Group has applied the following amendments to standards for the first time for its annual reporting period commencing January 1, 2024:

		Effective for annual period beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024

The adoption of these amended standards did not result in any material impact on the accounting policies of the Group and the presentation of these consolidated financial statements.

New and amended standards not yet adopted

Certain new/amended standards and annual improvements that have been issued but not yet effective and not been early adopted by the Group for the year ended December 31, 2024 are as follows:

		Effective for annual period beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts referencing nature-dependent electricity	January 1, 2026
Annual Improvements to IFRS	Annual Improvements to IFRS Accounting Standards	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

These new and amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for the adoption of IFRS 18 for the reporting periods beginning on or after January 1, 2027.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards not yet adopted (continued)

Even though IFRS 18 does not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the income statement and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity.

(ii) Associates

An associate is an entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost.

(iii) Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated balance sheet.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(b) Principles of consolidation and equity accounting (continued)

(iv) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.1(d).

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity of the Group that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the Group may elect to measure those investments at fair value through profit or loss in accordance with IFRS 9. The Group shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(c) Intangible assets

(i) Goodwill

Goodwill arising from the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use ("VIU") and the fair value less costs of disposal ("FVLCOD"). Any impairment is recognized immediately as an expense and is not subsequently reversed.

(ii) Other intangible assets

Other intangible assets mainly include software and copyright, technology, customer relationship and brand name. They are initially recognized and measured at cost or fair value of intangible assets acquired through business combination. The Group amortizes these intangible assets with a limited useful life using the straight-line method over the following periods:

Software and copyright	3-5 years
Technology	5 years
Customer relationship	5-7 years
Brand name	10 years

When determining the length of useful lives of these intangible assets, management take into account the (i) estimated period during which such asset can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

In particular, the Company determined the estimated useful life of customer relationship with consideration of the historical cooperation period of existing clients, degree of customer loyalty and historical attrition situation of the customers. In relation to the brand name, the Company considered the historical presence of the brand, its market share in relevant industry, and the remaining period of its business license in determining its estimated useful life.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(c) Intangible assets (continued)

(iii) Research and development expenditures

Research expenditures is recognized as an expense as incurred. Development cost is capitalized only if all of the following conditions are satisfied:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

(d) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's FVLCOD and VIU. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(e) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. See Note 18 for details of each type of financial assets. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(e) Investments and other financial assets (continued)

(ii) ***Measurement*** (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/losses, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/losses, net and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive income within other gains/losses, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(e) Investments and other financial assets (continued)

(iii) Impairment

The Group assesses on a forward-looking basis for the expected credit losses on financial assets (including trade receivables, other receivables, term bank deposits, restricted cash and cash and cash equivalents), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1(b) for details.

For others, it 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.

(iv) Derecognition

Financial assets

The Group derecognizes a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows (“pass through” requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability.

Other financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group also recognizes the inventory of contract fulfilment cost from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment cost recognized shall be amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognized exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognized as expenses.

(h) Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(i) Share capital and treasury stock

Ordinary shares and share capital from owners are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

The Company accounts for treasury shares from shares repurchase using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury shares account on the consolidated balance sheet. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is allocated between additional paid-in capital and retained earnings.

(j) Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(j) Current and deferred income tax (continued)

(ii) ***Deferred income tax*** (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(iii) ***Offsetting***

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(k) Employee benefits

(i) ***Pension obligations and other social welfare benefits***

Full-time employees of the Group in mainland China are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulation requires that the Group make contributions to the government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions.

(ii) ***Employee leave entitlements***

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(k) Employee benefits (continued)

(iii) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(l) Share-based payments

(i) Equity-settled share-based payment transactions

The Group operates certain share incentive plans, under which it receives services from employees as consideration for equity instruments of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense on the consolidated statement of comprehensive income with a corresponding increase in equity.

In terms of the options granted to employees, the total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in calculation of the number of options and shares that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(l) Share-based payments (continued)

(i) Equity-settled share-based payment transactions (continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the service and non-marketing vesting performance conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in reserves will continue to be held in reserves.

(ii) Cash-settled share-based payment transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is with recognition of a corresponding liability. The liability is re-measured at each reporting date up to and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. The Group did not have any cash-settled share-based payment during the reporting periods.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods sold or services supplied, stated net of discounts, returns and value-added taxes. The Group recognizes revenue when the specific criteria have been met for each of the Group’s activities, as described below.

(i) Sage Platform and applications

Sage Platform and other ready-to-use applications are delivered primarily as:

(a) licensed software installed at the end users’ servers; and

(b) all-in-one server or other related hardware with pre-installed software, which is combined into a single performance obligation for the server/hardware and pre-installed software are highly integrated and the integration between the server/hardware and pre-installed software is critical for the customer to obtain the intended benefit from the arrangement.

Revenue from delivering of (a) licensed software installed at the end users’ servers and (b) all-in-one server or other related hardware with pre-installed software is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the application software and the all-in-one server or other related hardware. In other circumstance, Sage Platform and other ready-to-use applications are delivered to end users for usage with a subscription period, the revenue is recognized over the subscription period.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(m) Revenue recognition (continued)

(ii) Application development and other services

Application development and other services mainly consist of customized AI applications development service.

Application development services is accounted for as a single performance obligation and recognized as revenue upon transfer of control to the customer of the promised products and services, generally on the acceptance of the integrated promised products and services by the customer.

Contract balance

Timing of revenue recognition may differ from the timing of invoicing to customers. The Group may perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, also may has a right to an amount of consideration before transferring goods or services to a customer. The Group recognizes a contract asset or a contract liability in the balance sheet, depending on the relationship between the Group's performance and the customer's payment.

Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers require judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers whether the Group controls the specified good or service before it is transferred to the customer. If the conclusion is not clear, the Group further considers the indicators of control, individually or in combination, including (i) primarily responsibility for fulfilling the contract, (ii) inventory risk, and (iii) discretion in establishing prices.

(n) Leases

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these short-term leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in the consolidated statement of cash flows from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(n) Leases (continued)

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the consolidated statement of comprehensive income in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

The principal portion of the lease payments and the interest component are presented within financing activities in the consolidated statement of cash flows.

(o) Government grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the property and equipment and other non-current assets are included in the liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.2 Summary of other accounting policies

(a) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). As the major operations of the Group are within the mainland China, the Group determined to present its consolidated financial statements in RMB, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other gains/losses, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(c) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Server and electronic equipment	3-5 years
Office equipment	3-5 years
Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount Note 2.1(d).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other gains/losses, net in the consolidated statement of comprehensive income.

(d) Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Notes 2.1(e)(iii) and 3.1(b) for a description of the Group's impairment policy for trade and other receivables.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(e) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(f) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(g) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(h) Redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to investors in the Company's financing process, the redemption liabilities are recognized as financial liabilities initially at the present value of the redemption amount and reclassified from equity. Subsequently, the redemption liabilities are measured at amortized cost with interest charged in finance costs (Note 11).

The Group derecognizes the redemption liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. When the preferred rights are waived by investors, the carrying amount of the redemption liability is reclassified to equity.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(i) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(j) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(k) Dividend income

Dividend income is recognized when the right to receive payment is established.

(l) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2 SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(m) Interest income

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency other than the functional currency of entities comprising the Group. The Group operates mainly in the PRC with most of the transactions settled in RMB.

If RMB had strengthened/weakened by 5% against United States dollar (“USD”) with all other variables held constant, the loss before income tax for the years ended December 31, 2024 and 2023 would have been approximately RMB43,427,000 and RMB43,545,000 higher/lower, respectively, as a result of net foreign exchange losses on translation of net monetary assets denominated in USD.

(ii) Interest rate risk

As at December 31, 2024, the Group’s interest rate risk primarily arose from borrowings, term bank deposits and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

All the Group’s interest bearing borrowings bear fixed interest rates as at December 31, 2024 and 2023, and hence are not subject to cash flow interest rate risk.

If the interest rate of cash and cash equivalents had been 50 basis points higher/lower, the loss before income tax for the years ended December 31, 2024 and 2023 would have been approximately RMB4,293,000 and RMB9,889,000 lower/higher, respectively.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

The Group is exposed to price risk in respect of the long-term investments and short-term investments held by the Group and classified in the balance sheet as at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, term bank deposits, investments in debt instruments measured at fair value through profit or loss, trade receivables, other receivables and contract assets. The carrying amounts of each class of the above financial assets and contract assets represent the Group's maximum exposure to credit risk in relation to financial assets and contract assets.

To manage risk arising from cash and cash equivalents, restricted cash, term bank deposits, and investments in debt instruments measured at fair value through profit or loss, the Group only transacts with state-owned banks and reputable or licensed financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables and contract assets, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

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. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivables balances is low.

Impairment of financial assets and contract assets

The Group performs impairment assessment under the expected credit loss ("ECL") model on financial assets at amortized cost (mainly including trade receivables and other receivables) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

While cash and cash equivalents, restricted cash and term bank deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets and contract assets (continued)

Trade receivables and contract assets

For trade receivables and contract assets, the Group applied the simplified approach permitted by IFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the trade receivables and contract assets. To measure expected credit losses, trade receivables and contract assets have been grouped based on their nature and risk characteristics, and then analysing their aging information before further incorporating forward-looking adjustment factors, such as China's Gross Domestic Product ("GDP"), China's Consumer Price Index ("CPI") and other indicators, to reflect the management's forecasts of macroeconomic factors in different scenarios as this affects the customers' abilities to settle the receivables. Details of loss allowance of trade receivables and contract assets as at December 31, 2024 and 2023 were included in Notes 22 and 6(a), respectively.

Other receivables

Other receivables mainly include deposits and other receivables from third party customers. The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. The Group measures credit risk using Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is similar to the approach used for the purposes of measuring ECL under IFRS 9.

- Other receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

- If a significant increase in credit risk (specifically, when the debtor is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.

- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

The table below analyzes the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 year and 2 years RMB'000	Between 2 years and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
At December 31, 2024					
Borrowings	5,907	–	–	5,907	5,883
Trade payables	2,183,263	–	–	2,183,263	2,183,263
Other payables (excluding payroll payables and other taxes payables)	64,365	–	–	64,365	64,365
Lease liabilities	11,689	10,031	1,743	23,463	22,479
Payable for acquisition of subsidiaries	20,000	–	–	20,000	18,840
At December 31, 2023					
Borrowings	99,337	8,927	4,111	112,375	108,747
Trade payables	1,043,189	–	–	1,043,189	1,043,189
Other payables (excluding payroll payables and other taxes payables)	85,460	–	–	85,460	85,460
Lease liabilities	26,876	20,702	131	47,709	45,886
Payable for acquisition of subsidiaries	42,877	20,000	–	62,877	58,888

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is not significant.

The directors of the Company believe that the Group's available cash and cash equivalents as well as access to borrowing facilities, will be sufficient to fund capital expenditures, debt servicing and other cash requirements going forward.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at each balance sheet dates, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's long-term and short-term investments that are measured at fair value at December 31, 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Long-term investments measured at fair value through profit or loss (Note 19)	–	–	459,968	459,968
Short-term investments and current portion of long-term investments measured at fair value through profit or loss (Note 19)	–	–	475,234	475,234
	–	–	935,202	935,202

In addition, there is a contingent put option granted to the buyer from the partial disposal of subsidiaries in 2024 (see Note 35(a)), according to which, if the buyer does not pay the remaining consideration to the Group in certain situation, the buyer could put the corresponding shares to the Group. The Group recognized such consideration receivable with the embedded put option as financial assets measured at fair value through profit and loss and evaluates the fair value of the consideration receivable at every balance sheet date. The balance of the fair value measured consideration receivables from the partial disposal of subsidiaries as of December 31, 2024 were RMB39,761,000, recorded in other non-current assets; and RMB32,837,000, recorded in prepayments and other receivables.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's long-term and short-term investments that are measured at fair value at December 31, 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Long-term investments measured at fair value through profit or loss (Note 19)	–	–	456,824	456,824
Short-term investments and current portion of long-term investments measured at fair value through profit or loss (Note 19)	–	–	562,335	562,335
	–	–	1,019,159	1,019,159

The following table presents the changes in level 3 instruments of long-term investments measured at fair value through profit or loss for the years ended December 31, 2024 and 2023.

	Year ended December 31,	
	2024 **RMB'000**	2023 RMB'000
At the beginning of the year	**456,824**	477,889
Additions	**74,592**	155,000
Transfers	**(72,155)**	(158,008)
Dividends	**(2,207)**	–
Disposals	**(3,090)**	(2,301)
Changes in fair value	**6,004**	(15,756)
At the end of the year	**459,968**	456,824
Net unrealized gains/(losses) for the year	**10,209**	(16,035)

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table presents the changes in level 3 instruments of short-term investments and current portion of long-term investments measured at fair value through profit or loss for the years ended December 31, 2024 and 2023.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	562,335	1,330,166
Additions	995,000	1,540,000
Transfer	72,155	158,008
Disposals	(1,188,067)	(2,465,250)
Changes in fair value	33,811	(589)
At the end of the year	475,234	562,335
Net unrealized gains/(losses) for the year	25,680	(6,822)

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts were involved when necessary.

The valuation of the level 3 instruments mainly included long-term investments in unlisted equity securities, preferred shares and funds measured at fair value through profit or loss (Note 19) and short-term investments in wealth management products and funds measured at fair value through profit or loss (Note 19). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair values As at December 31,		Significant unobservable inputs	Range of inputs As at December 31,		Relationship of unobservable inputs to fair values
	2024 RMB'000	2023 RMB'000		2024	2023	
Long-term investments measured at fair value through profit or loss:						
– Unlisted equity securities and preferred shares investments	117,329	105,230	Expected volatility	47.56%-61.79%	49.65%-62.92%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("DLOM")	18.00%-26.00%	19.00%-27.00%	The higher the DLOM, the lower the fair value
– Fund investments (a)	342,639	351,594	N/A	N/A	N/A	N/A
	459,968	456,824				
Short-term investments measured at fair value through profit or loss:						
– Wealth management products	–	106,845	Expected rate of return	N/A	3.70%-4.20%	The higher the expected rate of return, the higher the fair value
– Fund investments (a)	475,234	455,490	N/A	N/A	N/A	N/A
	475,234	562,335				

Note:

(a) The Group determines the fair values of its fund investments as at the reporting date based on the reported net asset values of the respective funds as provided and evaluated by fund managers.

If the fair values of the long-term investments and short-term investments measured at fair value through profit or loss held by the Group had been 0.5% higher/lower, the loss before income tax for the years ended December 31, 2024 and 2023 would have been approximately RMB4,698,000 and RMB5,096,000 lower/higher, respectively.

The Group believes that any reasonably possible change in assumptions used for the significant unobservable inputs would not have any significant impact on the Group's profit or loss.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2024 and 2023.

The carrying amounts of the Group's financial assets that are not measured at fair value including cash and cash equivalents, restricted cash, term bank deposits, trade receivables and other receivables, and the Group's financial liabilities that are not measured at fair value, including borrowings, lease liabilities, trade payables, other payables, redemption liabilities and payable for acquisition of subsidiaries, approximate their fair values due to their short maturities or the financial assets/liabilities bear interests at interest rates that are close to the market interest rates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Fair value of financial assets

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 3.3.

(b) Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. Judgment is required to identify any impairment indicators existing for any of the Group's goodwill to determine appropriate impairment approaches, i.e., FVLCOD or VIU, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to recognize impairment charge to the consolidated statement of comprehensive income.

(c) Credit loss allowance for trade receivables

The credit loss allowance for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Notes 3.1(b) and 22.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(d) Valuation of share-based payments

The fair value of share options at the grant date are determined by using valuation techniques. Significant estimates on assumptions, such as risk-free interest rate, volatility, dividend yield and lack of marketability discount are made based on management's best estimates. Further details are included in Note 27.

(e) Income taxes

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

For temporary differences or tax losses which give rise to deferred income tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred income tax assets are recognized based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

5 SEGMENT INFORMATION

The Group's business activities are sales of Sage Platform and other ready-to-use applications and provision of application development and other services mainly in the PRC. The Group does not distinguish revenue, costs and expenses between segments in its internal reporting, and reports costs and expenses by nature as a whole.

The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making strategic decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As substantially all of the Group's non-current assets are all located in the PRC and substantially all of the Group's revenue are derived from the PRC, no geographical information is presented.

For the year ended December 31, 2024, revenue of approximately RMB558,295,000 was derived from an external customer which accounted for approximately 10.6% of the Group's revenue. For the year ended December 31, 2023, revenue of approximately RMB535,040,000 was derived from an external customer which accounted for approximately 12.7% of the Group's revenue.

6 REVENUE

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	**5,260,650**	4,204,142

For the year ended December 31, 2024, revenue of approximately RMB3,675,870,000 (2023: RMB2,505,700,000) was from sales of Sage Platform and applications, and revenue of approximately RMB1,584,780,000 (2023: RMB1,698,442,000) was from provision of application development and other services.

The Group derives revenue from the transfer of goods and services at a point in time and over time are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Point in time	**5,237,020**	4,129,221
Over time	**23,630**	74,921
	5,260,650	4,204,142

(a) Contract assets

The Group has recognized the following assets related to contracts with customers:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Contract assets		
– Current portion	**1,055**	43,841
– Non-current portion	**1,271**	22,390
	2,326	66,231
Credit loss allowance	**(64)**	(2,854)
	2,262	63,377

Contract assets are generally the final payments of revenue contracts which are due at the end of the quality assurance period (1–3 years). Contract assets are recorded as the Group has no right on these amounts of consideration when the related revenue is recognized.

6 REVENUE (continued)

(b) Contract liabilities

The Group has recognized the following liabilities related to contracts with customers:

	As at December 31,		As at January 1,
	2024	2023	2023
	RMB'000	RMB'000	RMB'000
Contract liabilities	**173,055**	146,184	325,731

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Due to the generally short-term duration of the relevant contracts, a majority of the contract liabilities are recognized in the following year.

The following table shows the revenue recognized in the current reporting year related to carried-forward contract liabilities:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities at the beginning of the year	**49,573**	250,453

(c) Unsatisfied performance obligations

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

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	**7,024**	22,132

Management expects that 56% and 90% of the transaction price allocated to unsatisfied performance obligations as at December 31, 2024 and 2023 will be recognized as revenue within one year. The remaining 44% and 10% will be recognized over one year.

Other contracts at the end of each reporting period had an original expected duration of one year or less and thus the Group applied the expedient under IFRS 15 for not disclosing of unsatisfied performance obligations.

7 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Government grants	**24,485**	16,251
Value-added tax and other tax refunds	**95,517**	71,228
Others	**143**	1,947
	120,145	89,426

Government grants primarily relate to grants in connection with the Group's contributions to technology development and investments in local business districts. There are no unfulfilled conditions or contingencies relating to these incomes.

8 OTHER GAINS/(LOSSES), NET

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Fair value changes on financial assets at fair value through profit or loss	**39,815**	(16,345)
– Unlisted equity securities	**28,837**	7,685
– Preferred shares investments	**(13,647)**	(3,620)
– Fund investments	**23,021**	(33,576)
– Wealth management products	**1,604**	13,166
Foreign exchange gains/(losses), net	**6,872**	(7,758)
Net gains on disposal/dilution of investments accounted for using the equity method	**5,313**	16,086
Net gains on partial disposal of subsidiaries (Note 35)	**67,151**	–
Net gains on disposal of self-developed patent	**–**	6,604
Others	**(7,470)**	865
	111,681	(548)

9 EXPENSES BY NATURE

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Employee benefit expenses (Note 10)	**447,160**	661,506
Technology service fees	**2,595,768**	2,447,654
Cost of finished goods sold	**2,064,221**	1,053,563
Advertising and marketing expenses	**148,179**	255,759
Depreciation and amortization		
– property and equipment	**22,400**	18,535
– right-of-use assets	**22,488**	28,651
– intangible assets	**16,890**	34,152
Cloud service and other technical service fees	**233,264**	23,686
Auditor's remuneration		
– audit services	**5,100**	9,960
– non-audit services	**100**	200
Listing expenses	**–**	80,094
Other professional fees	**20,185**	35,343
Business travel expenses	**18,767**	37,237
Credit loss allowance (Note (a))	**199,961**	79,537
Impairment provision for inventories	**6,192**	1,866
Others	**46,883**	70,711
	5,847,558	4,838,454

Note:

(a) Mainly include the credit loss allowance on trade receivables, contract assets and other receivables. Please refer to Note 22, 6(a) and 23.

10 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	**362,720**	540,428
Contributions to pension plans	**44,598**	44,131
Other social security costs, housing benefits and other employee benefits	**47,660**	58,652
Share-based payment expenses (Note 27)	**3,797**	–
	458,775	643,211
Changes in capitalized contract fulfilment cost	**(11,615)**	18,295
	447,160	661,506

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1 director (2023: nil) during the year ended December 31, 2024. The emoluments of the directors and supervisors of the Company are reflected in the note (b) below. The emoluments payable to the remaining 4 for the year ended December 31, 2024 (2023: 5), are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Wages and salaries	**6,384**	8,685
Bonuses	**2,748**	6,585
Contributions to pension plans	**259**	316
Other social security costs, housing benefits and other employee benefits	**365**	444
	9,756	16,030

The emoluments fell within the following bands:

	Year ended December 31,	
	2024	2023
Nil to Hong Kong Dollar ("HKD") 500,000	**–**	–
HKD2,000,001 to HKD2,500,000	**1**	–
HKD2,500,001 to HKD3,000,000	**2**	1
HKD3,000,001 to HKD3,500,000	**1**	2
HKD4,000,001 to HKD4,500,000	**–**	2
	4	5

10 EMPLOYEE BENEFIT EXPENSES (continued)

(b) Benefits and interests of directors and supervisors

The remuneration of each director and supervisor of the Company for the year ended December 31, 2024 are set out as follows:

	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Executive directors						
– Dai Wenyuan	–	720	285	66	93	1,164
– Chen Yuqiang	–	1,510	570	66	93	2,239
– Yu Zhonghao	–	1,481	570	65	103	2,219
Non-executive directors						
– Yang Qiang	–	–	–	–	–	–
– Zhang Jing	–	–	–	–	–	–
– Dou Shuai	–	–	–	–	–	–
Independent non-executive directors						
– Li Jianbin	450	–	–	–	–	450
– Liu Chijin	450	–	–	–	–	450
– Ke Yele	450	–	–	–	–	450
Supervisors						
– Chai Yifei	–	1,795	570	69	107	2,541
– Zhou Wenjing	–	2,233	570	66	93	2,962
– Shao Liling	–	789	148	66	93	1,096
	1,350	8,528	2,713	398	582	13,571

10 EMPLOYEE BENEFIT EXPENSES (continued)

(b) Benefits and interests of directors and supervisors (continued)

The remuneration of each director and supervisor of the Company for the year ended December 31, 2023 are set out as follows:

	Fees RMB'000	Wages and salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Executive directors						
– Dai Wenyuan	–	730	285	63	89	1,167
– Chen Yuqiang	–	1,505	570	63	89	2,227
– Yu Zhonghao	–	1,472	570	66	105	2,213
Non-executive directors						
– Yang Qiang	–	–	–	–	–	–
– Zhang Jing	–	–	–	–	–	–
– Dou Shuai	–	–	–	–	–	–
Independent non-executive directors						
– Li Jianbin	113	–	–	–	–	113
– Liu Chijin	113	–	–	–	–	113
– Ke Yele	113	–	–	–	–	113
Supervisors						
– Chai Yifei	–	1,503	570	68	96	2,237
– Zhou Wenjing	–	1,503	570	63	89	2,225
– Shao Liling	–	789	148	63	89	1,089
	339	7,502	2,713	386	557	11,497

(c) Directors' and supervisors' retirement and termination benefits

No retirement and termination benefits were paid or payable to the directors or supervisors during the years ended December 31, 2024 and 2023.

(d) Consideration provided to third parties for making available directors' and supervisors' services

No consideration provided to third parties for making available directors' or supervisors' services during the years ended December 31, 2024 and 2023.

10 EMPLOYEE BENEFIT EXPENSES (continued)

(e) Information about loans, quasi-loans and other dealings in favor of directors and supervisors, controlled body corporates by and connected entities with such directors and supervisors

No loans, quasi-loans and other dealings in favor of directors or supervisors, controlled body corporates by and connected entities with such directors or supervisors subsisted as at December 31, 2024 and 2023.

(f) Directors' and supervisors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted as at December 31, 2024 and 2023.

(g) Inducement to join the Group and compensation for loss of office

No directors, supervisors or five highest paid individuals received any emolument from the Group as an inducement to join or upon joining the Group or compensation for loss of office for the years ended December 31, 2024 and 2023.

11 FINANCE INCOME AND FINANCE COSTS

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Finance income:		
Interest income from bank deposits	**49,077**	54,218
Interest income from loan to a related party	**203**	–
Others	**2,586**	–
	51,866	54,218
Finance costs:		
Interest expense on redemption liabilities (Note (a))	**–**	(425,016)
Interest expense on lease liabilities (Note 14(b))	**(1,622)**	(2,808)
Interest expense on borrowings	**(1,446)**	(3,003)
Amortized amounts on payable for acquisition of subsidiaries	**(2,830)**	(6,590)
Others	**(239)**	(599)
	(6,137)	(438,016)

Note:

(a) Since the date of incorporation of the Company to July 2021, the Company had completed several rounds of financing in the way of capital increase of the Company and capital transfer from founders to investors. The shares issued or transferred to the abovementioned investors were with preferred rights, including redemption rights and liquidation preferences which constitute as the Company's obligations to repurchase its own equity instruments. These obligations were recognized as redemption liabilities which were initially measured at fair value and subsequently measured at amortized cost, with the corresponding amortization expense recognized as finance costs for each reporting period. Upon the successful listing of the Company on the Main Board of the Hong Kong Stock Exchange on September 28, 2023, such redemption liabilities were derecognized.

12 INCOME TAX (EXPENSES)/CREDIT

The income tax (expense)/credit of the Group for the years ended December 31, 2024 and 2023 are analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Current income tax	**(604)**	(2,582)
Deferred income tax	**(5,575)**	12,842
Income tax (expenses)/credit	**(6,179)**	10,260

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the Group as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	**290,088**	930,829
Tax calculated at statutory income tax rate of 25% in mainland China (Note (a))	**72,522**	232,707
Tax effects of:		
– Effect of lower tax rates in other jurisdictions (Notes (b), (c))	**(1,328)**	(1,888)
– Preferential income tax rate applicable to subsidiaries (Note (d))	**(11,304)**	(38,835)
– Tax losses and temporary differences for which no deferred income tax assets were recognized	**(122,084)**	(106,856)
– Non-taxable income and non-deductible expenses, net	**26,998**	(108,808)
– Super Deduction for research and development expenses (Note (e))	**21,905**	30,197
– Impact of share of results and net gains on disposal/dilution of investments accounted for using the equity method	**19**	(84)
– Utilization of previously unrecognized tax losses	**7,093**	3,827
Income tax (expenses)/credit	**(6,179)**	10,260

12 INCOME TAX (EXPENSES)/CREDIT (continued)

Notes:

(a) Enterprise income tax in mainland China ("EIT")

The income tax provision of the Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the respective year presented, based on the existing legislation, interpretations and practices in respect thereof.

(b) Hong Kong income tax

The entity incorporated in Hong Kong is 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.

No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax during the years presented.

(c) Singapore income tax

The entity incorporated in Singapore is subject to Singapore income tax at a rate of 17% for taxable income earned in Singapore.

No provision for Singapore income tax was made as the Group had no estimated assessable profit that was subject to Singapore income tax during the years presented.

(d) Preferential EIT rate

Certain subsidiaries in mainland China are entitled to preferential EIT rate of 15%, mainly include the follows:

Fourth Paradigm (Beijing) Data & Technology Co., Ltd. was qualified as a "High and New Technology Enterprise" ("HNTE") in December 2016 and renewed the qualification in December 2019 and November 2022, hence it enjoys a preferential income tax rate of 15% from 2016 to 2024.

Beijing Ideal Information Technology Co., Ltd. was qualified as an HNTE in September 2018 and renewed the qualification in September 2021 and October 2024, hence it enjoys a preferential income tax rate of 15% from 2018 to 2027.

Management considers that the above subsidiaries can be continued to be qualified as HNTEs upon renewal and hence will continue to enjoy the preferential income tax rate of 15% in the foreseeable future.

(e) Super Deduction for research and development expenses

As jointly announced by the Ministry of Finance and State Taxation Administration of the People's Republic of China in March 2023, enterprises of qualified industries would entitle to claim 200% of their research and development expenses ("Super Deduction") from January 1, 2023. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits.

13 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective year. In determining the weighted average number of ordinary shares in issue, the contingently returnable shares, i.e. shares with preferred rights, are excluded from the calculation, the impact of which was nil and 125,965,129 shares for the years ended December 31, 2024 and 2023, respectively. In addition, the ordinary shares repurchased by the Company are also excluded from the calculation, the impact of which was 209,430 and 5,578,755 shares for the years ended December 31, 2024 and 2023, respectively.

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. As the Group incurred losses for the respective years, the potential ordinary shares, i.e. shares with preferred rights, were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2024 and 2023 are the same as basic loss per share for the respective years.

	Year ended December 31,	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	**(268,788)**	(908,717)
Weighted average number of ordinary shares in issue (thousand shares)	**465,649**	324,817
Basic and diluted loss per share for loss attributable to owners of the Company (expressed in RMB per share)	**(0.58)**	(2.80)

14 LEASES

The Group leases certain of its offices under operating lease arrangements, which are negotiated for terms ranging from 3 months to 3 years.

The consolidated balance sheets include the following amounts relating to leases:

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**44,363**	70,002
Additions	**29,393**	3,012
Depreciation charge	**(22,488)**	(28,651)
Derecognition upon termination of leases	**(24,567)**	–
Partial disposal of subsidiaries	**(2,402)**	–
At the end of the year	**24,299**	44,363

14 LEASES (continued)

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities as at December 31, 2024 and 2023 are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Current	**11,009**	25,697
Non-current	**11,470**	20,189
	22,479	45,886

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets (Note 9)	**22,488**	28,651
Interest expense (Note 11)	**1,622**	2,808
Expense relating to short-term leases and variable lease payments not included in lease liabilities	**95**	295

The total cash outflows for leases during the years ended December 31, 2024 and 2023 was RMB25,564,000 and RMB31,966,000, respectively, including principal elements of lease payments of approximately RMB23,942,000 and RMB29,158,000, respectively, and related interest paid of approximately RMB1,622,000 and RMB2,808,000, during the years ended December 31, 2024 and 2023, respectively.

15 PROPERTY AND EQUIPMENT

The movement information of property and equipment during the reporting periods is as below:

	Server and electronic equipment RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At January 1, 2024					
Cost	38,027	46,608	34,627	–	119,262
Accumulated depreciation	(22,695)	(26,112)	(23,408)	–	(72,215)
Net book amount	15,332	20,496	11,219	–	47,047
Year ended December 31, 2024					
Opening net book amount	15,332	20,496	11,219	–	47,047
Additions	10,115	1,803	2,704	–	14,622
Disposals	(116)	(252)	–	–	(368)
Partial disposal of subsidiaries (Note 35)	(1,721)	(748)	(1,747)	–	(4,216)
Depreciation charge (Note 9)	(6,800)	(5,841)	(9,759)	–	(22,400)
Closing net book amount	16,810	15,458	2,417	–	34,685
At December 31, 2024					
Cost	44,458	46,580	7,452	–	98,490
Accumulated depreciation	(27,648)	(31,122)	(5,035)	–	(63,805)
Net book amount	16,810	15,458	2,417	–	34,685
At January 1, 2023					
Cost	29,549	41,564	33,299	–	104,412
Accumulated depreciation	(18,469)	(20,352)	(17,170)	–	(55,991)
Net book amount	11,080	21,212	16,129	–	48,421
Year ended December 31, 2023					
Opening net book amount	11,080	21,212	16,129	–	48,421
Additions	9,650	6,535	1,190	138	17,513
Transfer	–	–	138	(138)	–
Disposals	(216)	(136)	–	–	(352)
Depreciation charge (Note 9)	(5,182)	(7,115)	(6,238)	–	(18,535)
Closing net book amount	15,332	20,496	11,219	–	47,047
At December 31, 2023					
Cost	38,027	46,608	34,627	–	119,262
Accumulated depreciation	(22,695)	(26,112)	(23,408)	–	(72,215)
Net book amount	15,332	20,496	11,219	–	47,047

15 PROPERTY AND EQUIPMENT (continued)

Depreciation charges were expensed off in the following categories in the consolidated statement of comprehensive income:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Selling and marketing expenses	**1,192**	1,683
General and administrative expenses	**8,163**	7,896
Research and development expenses	**13,045**	8,956
	22,400	18,535

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Software and copyright RMB'000	Technology RMB'000	Customer relationship RMB'000	Brand name RMB'000	Total RMB'000
At January 1, 2024						
Cost	335,801	41,057	48,300	97,200	6,700	529,058
Accumulated amortization	–	(33,425)	(24,685)	(43,595)	(1,675)	(103,380)
Net book amount	335,801	7,632	23,615	53,605	5,025	425,678
Year ended December 31, 2024						
Opening net book amount	335,801	7,632	23,615	53,605	5,025	425,678
Additions	–	735	–	–	–	735
Partial disposal of subsidiaries (Note 35)	(170,162)	(4,674)	(15,763)	(29,177)	–	(219,776)
Amortization charge (Note 9)	–	(2,670)	(4,522)	(9,028)	(670)	(16,890)
Closing net book amount	165,639	1,023	3,330	15,400	4,355	189,747
At December 31, 2024						
Cost	165,639	34,786	11,100	30,800	6,700	249,025
Accumulated amortization	–	(33,763)	(7,770)	(15,400)	(2,345)	(59,278)
Net book amount	165,639	1,023	3,330	15,400	4,355	189,747
At January 1, 2023						
Cost	335,801	38,533	48,300	97,200	6,700	526,534
Accumulated amortization	–	(27,283)	(15,025)	(25,915)	(1,005)	(69,228)
Net book amount	335,801	11,250	33,275	71,285	5,695	457,306
Year ended December 31, 2023						
Opening net book amount	335,801	11,250	33,275	71,285	5,695	457,306
Additions	–	2,524	–	–	–	2,524
Amortization charge (Note 9)	–	(6,142)	(9,660)	(17,680)	(670)	(34,152)
Closing net book amount	335,801	7,632	23,615	53,605	5,025	425,678
At December 31, 2023						
Cost	335,801	41,057	48,300	97,200	6,700	529,058
Accumulated amortization	–	(33,425)	(24,685)	(43,595)	(1,675)	(103,380)
Net book amount	335,801	7,632	23,615	53,605	5,025	425,678

16 INTANGIBLE ASSETS (continued)

Amortization charges were expensed off in the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Selling and marketing expenses	10,153	18,885
General and administrative expenses	1,958	5,381
Research and development expenses	4,779	9,886
	16,890	34,152

Impairment losses

The Goodwill of RMB165,639,000 as of December 31, 2024 is arisen from the acquisition of Beijing Ideal Information Technology Co., Ltd. ("Ideal Technology") on June 30, 2021. Ideal Technology is mainly engaged in provision of digital operation and maintenance platform and solutions. Management consider Ideal Technology is a stand-alone cash generating unit (the "CGU") since management allocate resources and assess the performance obligations to Ideal Technology as a whole business unit. Therefore, management allocate the aforesaid goodwill to the CGU of Ideal Technology.

The Group carries out its annual impairment test on goodwill with the assistance of the external valuer by comparing the recoverable amounts of the CGU of the Ideal Technology to its carrying amounts. Goodwill arising from the acquisition of Ideal Technology was monitored separately and assessed as a separate CGU for the purpose of impairment testing. The key assumptions used in the impairment assessment primarily include the revenue growth rate, terminal growth rate and discount rate.

The impairment reviews of the goodwill arising from the acquisition of Ideal Technology have been conducted by the management as at December 31, 2024 and 2023. For the purposes of the impairment review, the recoverable amount of the CGU of Ideal Technology is determined based on VIU calculations by using the discounted cash flow method. For goodwill related to acquisition of Ideal Technology, management forecasted that the revenue compound annual growth rate in the five-year period from the balance sheet date of December 31, 2024 and 2023 was 20.8% and 22.2%, respectively, and the cash flows beyond the five-year period were extrapolated using a terminal growth rate of 2.0% and 2.0%, respectively. Pre-tax discount rate of 18.2% and 18.0% was used to reflect market assessment of time value and the specific risks relating to the CGU for the impairment reviews as at December 31, 2024 and 2023, respectively. The values assigned to the key assumptions and discount rates are consistent with external information sources. The directors of the Company have considered and assessed that any reasonably possible changes in key parameters would not cause the carrying amount of the CGU of Ideal Technology exceed its recoverable amount.

For sensitivity analysis conducted during the impairment review as at December 31, 2024, had there been a reduction of the revenue compound annual growth rate of the first five years by 2.7 (2023: 2.4) percentage point, a reduction of terminal growth rate by 1.9 (2023: 1.7) percentage point, or an increase in pre-tax discount rate by 1.3 (2023: 1.2) percentage point in the VIU calculations each in isolation, the recoverable amount of the CGU of Ideal Technology would be closed to the breakeven point.

17(a) SUBSIDIARIES

As of December 31, 2024 and 2023, the Company had the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31, 2024	2023	Principal activities and place of operation	Note
Subsidiaries directly held:							
Fourth Paradigm (Beijing) Data & Technology Co., Ltd.	Mainland China, May 12, 2015	Limited liability company	RMB2,000,000,000	100%	100%	Sales of AI platform, provision of AI related services, research and development of technology, in mainland China	
Shanghai Shishuo Intelligent Technology Co., Ltd.	Mainland China, April 1, 2017	Limited liability company	RMB700,000,000	100%	100%	Sales of AI platform, provision of AI related services, research and development of technology, in mainland China	
Beijing Fourth Paradigm Science & Technology Co., Ltd.	Mainland China, September 29, 2016	Limited liability company	RMB1,000,000	100%	100%	Investment holding and investment activities, in mainland China	
Subsidiaries indirectly held:							
Fourth Paradigm (Shenzhen) Data & Technology Co., Ltd.	Mainland China, March 11, 2019	Limited liability company	RMB105,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	
Beijing Xuexian Intelligent Technology Co., Ltd.	Mainland China, January 18, 2019	Limited liability company	RMB10,000,000	100%	100%	Provision of AI related services, in mainland China	
Beijing Yuntian Xinrui Technology Co., Ltd.	Mainland China, September 27, 2019	Limited liability company	RMB50,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	
Beijing Future Paradigm Technology Co., Ltd.	Mainland China, May 28, 2018	Limited liability company	RMB500,000	100%	60%	Sales of AI platform and provision of AI related services, in mainland China	
Fourth Paradigm International Limited	Hong Kong, June 1, 2018	Limited liability company	HKD500,000	100%	100%	Sales of AI platform and provision of AI related services, in Hong Kong	
Fourth Paradigm Southeast Asia Pte. Ltd.	Singapore, July 11, 2018	Limited liability company	Singapore Dollar ("SGD") 50,000	100%	100%	Sales of AI platform, provision of AI related services, research and development of technology, in Singapore	
The 4th Paradigm Europe B.V.	Netherlands, January 21, 2020	Limited liability company	Euro ("EUR") 100,000	100%	100%	Sales of AI platform and provision of AI related services, in Netherlands	
Zhongyuan Putai (Beijing) Intelligent Technology Co., Ltd.	Mainland China, April 14, 2021	Limited liability company	RMB1,000,000	51%	51%	Sales of AI platform and provision of AI related services, in mainland China	

17(a) SUBSIDIARIES (continued)

As of December 31, 2024 and 2023, the Company had the following subsidiaries (continued):

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31, 2024	2023	Principal activities and place of operation	Note
Subsidiaries indirectly held: (continued)							
Zhongneng Shibei Technology Co., Ltd. (formerly known as Zhongnengshibei (Guangzhou) Technology Co., Ltd.)	Mainland China, April 6, 2005	Limited liability company	RMB30,480,000	N/A	66%	Provision of intelligent platform and solutions in energy and power industry, in mainland China	(a)
Zhongnengbei (Chengdu) Technology Co., Ltd. (formerly known as Sichuan Shibeiyun Technology Co., Ltd.)	Mainland China, May 15, 2017	Limited liability company	RMB9,000,000	N/A	66%	Research and development of technology, in mainland China	(a)
Guangzhou Jianxin Technology Co., Ltd (formerly known as Guangzhou Shibeiyun Big Data Co., Ltd.)	Mainland China, January 8, 2018	Limited liability company	RMB5,000,000	N/A	66%	Research and development of technology, in mainland China	(a)
Zhongneng Shibei (Wuhan) Technology Co., Ltd. (formerly known as Wuhan Jianxin Technology Co., Ltd.)	Mainland China, December 19, 2018	Limited liability company	RMB10,000,000	N/A	66%	Research and development of technology, in mainland China	(a)
Guangzhou Shibeiyun Technology Co., Ltd. (formerly known as Shibeiyun (Guangzhou) Big Data Technology Co., Ltd.)	Mainland China, May 25, 2020	Limited liability company	RMB20,000,000	N/A	66%	Research and development of technology, in mainland China	(a)
Zhongneng Shibei (Nanjing) Technology Co., Ltd. (formerly known as Nanjing Shibeiyun Technology Co., Ltd.)	Mainland China, August 25, 2022	Limited liability company	RMB10,000,000	N/A	66%	Research and development of technology, in mainland China	(a)
Beijing Zhongneng Shibei Technology Co., Ltd. (formerly known as Shibeiyun (Beijing) Technology Co., Ltd.)	Mainland China, September 19, 2022	Limited liability company	RMB10,000,000	N/A	66%	Research and development of technology, in mainland China	(a)
Shanghai Yisahai Technology Co., Ltd.	Mainland China, June 9, 2021	Limited liability company	RMB100,000	100%	100%	Investment holding, in mainland China	

17(a) SUBSIDIARIES (continued)

As of December 31, 2024 and 2023, the Company had the following subsidiaries (continued):

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31, 2024	2023	Principal activities and place of operation	Note
Subsidiaries indirectly held (continued):							
Beijing Ideal Information Technology Co., Ltd. (formerly known as Changchun Ideal Technology Information Co., Ltd.)	Mainland China, April 17, 2000	Limited liability company	RMB58,641,975	56.84%	56.84%	Provision of digital operation and maintenance platform and solutions, in mainland China	
Zhimei Xinchuang (Beijing) Technology Co., Ltd.	Mainland China, October 27, 2020	Limited liability company	RMB1,000,000	70%	70%	Sales of AI platform and provision of AI related services, in mainland China	(b)
Hefei Shanyue Intelligence Technology Co., Ltd.	Mainland China, March 4, 2022	Limited liability company	RMB20,000,000	51%	51%	Sales of AI platform and provision of AI related services, in mainland China	
Fourth Paradigm (Beijing) Digital Technology Co., Ltd.	Mainland China, June 10, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	
EpicHust Technology (Wuhan) Co., Ltd.	Mainland China, March 7, 2012	Limited liability company	RMB43,700,000	N/A	79.66%	Provision of intelligent platform and solutions in manufacturing industry, in mainland China	(c)
Wuxi EpicHust Intelligent Technology Co., Ltd.	Mainland China, April 15, 2016	Limited liability company	RMB1,000,000	N/A	74.88%	Provision of intelligent platform and solutions in manufacturing industry, in mainland China	(c)
Zhuhai EpicHust Intelligent Technology Co., Ltd.	Mainland China, October 16, 2009	Limited liability company	RMB600,000	N/A	79.66%	Provision of intelligent platform and solutions in manufacturing industry, in mainland China	(c)
Shanghai Paradigm Digital Software Technology Co., Ltd.	Mainland China, July 19, 2022	Limited liability company	RMB10,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	
Changchun Ideal Technology Information Co., Ltd.	Mainland China, August 3, 2022	Limited liability company	RMB30,000,000	56.84%	56.84%	Provision of digital operation and maintenance platform and solutions, in mainland China	
Paradigm Digital Technology (Guangzhou) Co., Ltd.	Mainland China, November 18, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	
Paradigm Digital Technology (Wuhan) Co., Ltd.	Mainland China, December 1, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	

17(a) SUBSIDIARIES (continued)

As of December 31, 2024 and 2023, the Company had the following subsidiaries (continued):

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31, 2024	2023	Principal activities and place of operation	Note
Subsidiaries indirectly held (continued):							
Paradigm Digital Technology (Hangzhou) Co., Ltd.	Mainland China, December 6, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	
Paradigm Cloud (Beijing) Retail Technology Co., Ltd.	Mainland China, November 6, 2019	Limited liability company	RMB100,000,000	N/A	100%	Sales of AI platform and provision of AI related services, in mainland China	(d)
Beijing Paradigm Pilot Technology Co., Ltd.	Mainland China, December 16, 2022	Limited liability company	RMB5,000,000	100%	100%	Sales of AI platform and provision of AI related services, in mainland China	
Beijing Paradigm Empowerment Enterprise Management Co., Ltd.	Mainland China, January 17, 2023	Limited liability company	RMB500,000	100%	100%	Investment holding, in mainland China	
Beijing Shiqin Enterprise Management Partnership (Limited Partnership)	Mainland China, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in mainland China	
Beijing Shita Enterprise Management Partnership (Limited Partnership)	Mainland China, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in mainland China	
Beijing Shijing Enterprise Management Partnership (Limited Partnership)	Mainland China, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in mainland China	
Beijing Shijin Enterprise Management Partnership (Limited Partnership)	Mainland China, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in mainland China	
Beijing Shixin Enterprise Management Partnership (Limited Partnership)	Mainland China, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in mainland China	
Beijing Shili Enterprise Management Partnership (Limited Partnership)	Mainland China, March 13, 2023	Limited partnership	RMB100,000	100%	100%	Investment holding, in mainland China	
Shanghai Fan'an Technology Co., Ltd.	Mainland China, June 20, 2023	Limited liability company	RMB10,000,000	100%	100%	Research and development of technology, in mainland China	

17(a) SUBSIDIARIES (continued)

As of December 31, 2024 and 2023, the Company had the following subsidiaries (continued):

Name of subsidiary	Place and date of incorporation	Kind of legal entity	Particulars of issued/registered capital	Equity interest held as at December 31, 2024	2023	Principal activities and place of operation	Note
Subsidiaries indirectly held (continued):							
Beijing Paradigm Zhixin Technology Co., Ltd.	Mainland China, September 13, 2023	Limited liability company	RMB10,000,000	100%	100%	Research and development of technology, in mainland China	
Shishuo AI International Limited	Hong Kong, August 8, 2024	Limited liability company	HKD1,000,000	100%	N/A	Research and development of technology	(e)
Paradigm (Zhuhai Hengqin) Artificial Intelligence Technology Co., Ltd.	Mainland China, July 17, 2024	Limited liability company	RMB20,000,000	100%	N/A	Research and development of technology	(e)
Shishuo Artificial Intelligence Technology (Shanghai) Co., Ltd.	Mainland China, April 1, 2024	Limited liability company	RMB20,000,000	100%	N/A	Research and development of technology	(e)

Notes:

(a) On April 1, 2024, the Group partially disposed of 22% (out of the total of 66%) equity interest in Zhongneng Shibei Technology Co., Ltd. (formerly known as Zhongnengshibei (Guangzhou) Technology Co., Ltd.) ("Zhongneng Shibei Technology"). Consequently, Zhongneng Shibei Technology and its subsidiaries ceased to be subsidiaries of the Company (Note 35).

(b) As at December 31, 2022, the equity interests of Zhimei Xinchuang (Beijing) Technology Co., Ltd. ("Zhimei Xinchuang") held by the Group was 35%. Another shareholder holding 30% equity interests of Zhimei Xinchuang has agreed to act in concert with the Group on the operation and investment decision of Zhimei Xinchuang, the Group therefore has rights to exercise power, receives variable returns from its involvement, has the ability to affect those returns through its power over Zhimei Xinchuang and is considered to control Zhimei Xinchuang. In February 2023, the Group has further acquired 35% equity interests of Zhimei Xinchuang.

(c) On August 31, 2024, the Group partially disposed of 44.69% (out of the total of 79.66%) equity interest in EpicHust Technology (Wuhan) Co., Ltd. ("EpicHust Technology"). Consequently, EpicHust Technology and its subsidiaries ceased to be subsidiaries of the Company (Note 35).

(d) In November 2024, the Group entered into an equity transfer agreement with the third party for the transfer of the Group's 100% equity interest in Paradigm Cloud (Beijing) Retail Technology Co., Ltd. As a result, the Group lost control of Paradigm Cloud (Beijing) Retail Technology Co., Ltd., which is no longer a subsidiary of the Group.

(e) These subsidiaries were newly established during the year ended December 31, 2024.

(f) As at December 31, 2024 and 2023, no subsidiary has non-controlling interests that are material to the Group.

17(b) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Investments accounted for using the equity method		
– Associates	**250,920**	53,382
– Joint venture	**303,589**	54
	554,509	53,436

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**53,436**	45,865
Additions (Note (a))	**300,000**	12,364
Transfers in (Note 35)	**223,542**	–
Disposals (Note (b))	**(36,093)**	(9,390)
Share of profits/(losses)	**19,265**	(1,597)
Share of other comprehensive (loss)/income of investments accounted for using the equity method	**(10,961)**	5,814
Share of reserves of investments accounted for using the equity method	**3,798**	–
Increase in share of net assets due to the dilution gains	**1,522**	380
At the end of the year	**554,509**	53,436

In the opinion of the directors of the Company, none of associates or joint venture are individually material to the Group.

Notes:

(a) In November 2024, the Group entered into a joint venture agreement to purchase 45% equity interest in Shenzhen Wake UP Technology Co., Ltd. ("Wake UP") for a total cash consideration of RMB300,000,000. The Group together with other shareholders have joint control over Wake UP. Accordingly, the Group's investment in Wake UP is classified as a joint venture company using the equity method of accounting. Its main business centers on "intelligent hardware + AI technology" providing comprehensive software and hardware solutions and enabling services for global clients.

(b) In November 2024, the group partially disposed of 10% equity interest in Zhongneng Shibei Technology for a cash consideration of RMB40,000,000, with a net gains of RMB3,907,000 recognized in profit or loss as other gains/losses.

In June 2023, the Group disposed an associate, Beijing Aowei Technology Co., Ltd. (formerly known as Beijing Juyun Weizhi Information Technology Co., Ltd.), to the other remaining shareholders at a cash consideration of RMB25,096,000, with a net gain of RMB15,706,000 recognized in profit or loss as other gain.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Assets as per balance sheets		
Financial assets at fair value through profit or loss:		
– Wealth management products (Note 19)	–	106,845
– Unlisted equity securities (Note 19)	113,695	84,858
– Preferred shares investments (Note 19)	3,634	20,372
– Fund investments (Note 19)	817,873	807,084
Financial assets at amortized cost:		
– Trade receivables (Note 22)	3,085,640	1,843,610
– Prepayments and other receivables (excluding prepayments to suppliers, deductible value-added input tax and listing expenses to be capitalized) (Note 23)	196,553	73,926
– Term bank deposits (Note 24(c))	964,662	697,103
– Restricted cash (Note 24(b))	2,511	57,990
– Cash and cash equivalents (Note 24(a))	858,618	1,977,891
	6,043,186	5,669,679
Liabilities as per balance sheets		
Financial liabilities at amortized cost:		
– Trade payables (Note 28)	2,183,263	1,043,189
– Other payables and accruals (excluding payroll payables and other taxes payables) (Note 29)	64,365	85,460
– Borrowings (Note 31)	5,883	108,747
– Payable for acquisition of subsidiaries (Note 32)	18,840	58,888
Lease liabilities (Note 14(b))	22,479	45,886
	2,294,830	1,342,170

19 INVESTMENTS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Non-current assets		
Long-term investments measured at fair value through profit or loss		
– Unlisted equity securities (i)	**113,695**	84,858
– Preferred shares investments (ii)	**3,634**	20,372
– Fund investments (iii)	**342,639**	351,594
	459,968	456,824
Current assets		
Short-term investments measured at fair value through profit or loss		
– Wealth management products (iv)	**–**	106,845
– Fund investments (iii)	**475,234**	455,490
	475,234	562,335

(i) Unlisted equity securities

The following table presents the changes in long-term investments in unlisted equity securities measured at fair value through profit or loss during the years ended December 31, 2024 and 2023. These investments are within level 3 of the fair value hierarchy (Note 3.3).

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**84,858**	77,173
Changes in fair value	**28,837**	7,685
At the end of the year	**113,695**	84,858

(ii) Preferred shares investments

The preferred shares investments in the investee are ordinary shares with preferential rights. The Group has the right to require and demand the investees to redeem all of the shares held by the Group at guaranteed predetermined fixed amount upon redemption events which are out of control of issuers. Hence, these investments are accounted for as debt instruments and are measured at fair value through profit or loss. These investments are within level 3 of the fair value hierarchy (Note 3.3).

19 INVESTMENTS (continued)

(iii) Fund investments

The Group invested in funds which focus on equity investments in unlisted companies and debt securities investments. The returns of the funds are not guaranteed and their contractual cash flows do not qualify for solely payments of principal and interest, hence they are measured at fair value through profit or loss. The Group determines the fair values of the fund investments as at the reporting date based on the reported net asset values of the funds. These investments are within level 3 of the fair value hierarchy (Note 3.3).

On September 17, 2021, Beijing Paradigm Artificial Intelligence Equity Investment Fund (Limited Partnership) ("Paradigm Fund") was incorporated in Beijing, PRC. Fourth Paradigm (Shenzhen) Data & Technology Co., Ltd., the Company's wholly owned subsidiary, as a limited partner, paid RMB200,000,000 (40% of the total capital contribution) on December 13, 2021. The Group has significant influence through its representative in the investment committee of Paradigm Fund and elected to measure the investment in Paradigm Fund at fair value through profit or loss in accordance with IFRS 9. The carrying amount of this fund investment was approximately RMB255,131,000 as at December 31, 2024 (2023: RMB197,510,000).

On September 26, 2023, the Group invested RMB390,000,000 in a private fund, GaoTeng Overseas Equity No.3 Private Equity Investment Fund. GaoTeng Overseas Private Fund Management (Hainan) Ltd. and Agricultural Bank of China Limited Hainan Branch are the fund manager and the fund trustee, respectively. The Group has no significant influence over the fund and the fund manager and the Group can redeem its fund shares after a lockup period of 360 days. As at December 31, 2024, this fund investment was classified as current assets. The carrying amount of this fund investment was approximately RMB403,079,000 as at December 31, 2024 (2023: RMB377,399,000).

On September 19, 2023, the Group invested RMB155,000,000 in a private fund, Jinyi Equity A-9 Private Equity Investment Fund. Beijing Jinyi Asset Management Co., Ltd. and CITIC Securities Company Limited are the fund manager and the fund trustee, respectively. The Group has no significant influence over the fund and the fund manager and the Group can redeem its fund shares after a lockup period of 730 days. As at December 31, 2024, half of this fund investment was classified as current assets and the other half was recorded as non-current assets according to the withdrawn terms as outlined in the Fund Agreement. The carrying amount of this fund investment was approximately RMB144,309,000 as at December 31, 2024 (2023: RMB133,972,000).

(iv) Wealth management products

The wealth management products are mainly denominated in RMB and have expected rates of return ranging from 1.48% to 3.57% and 1.60% to 4.30% per annum for the years ended December 31, 2024 and 2023, respectively. The returns on all these wealth management products are not guaranteed and their contractual cash flows do not qualify for solely payments of principal and interest, hence they are measured at fair value through profit or loss. None of these investments are past due.

The fair values are based on cash flows discounted using the expected return as estimated by management and are within level 3 of the fair value hierarchy (Note 3.3).

19 INVESTMENTS (continued)

(v) Gains/(losses) recognized in profit or loss

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Fair value changes on long-term investments measured at fair value through profit or loss	**6,004**	(15,756)
Fair value changes on short-term investments measured at fair value through profit or loss	**33,811**	(589)
	39,815	(16,345)

20 OTHER NON-CURRENT ASSETS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Prepayment for cloud computing services (Note (a))	**175,210**	237,970
Prepayment for plant and equipment	**12,956**	–
Consideration receivables from the partial disposal of subsidiaries (Note 3.3)	**39,761**	–
	227,927	237,970

Note:

(a) As at December 31, 2024, the non-current portion of the prepayment for cloud computing services amounted to RMB175,210,000 (2023: RMB237,970,000) and the current portion amounting to RMB62,760,000 (2023: RMB62,430,000) which was recorded in "Prepayments and other receivables".

21 INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Finished goods	**10,162**	25,053
Contract fulfilment cost	**165,247**	271,980
	175,409	297,033
Less: provision for impairment	**(3,792)**	(1,771)
	171,617	295,262

Finished goods are mainly server and other related hardware products to be delivered to customers with a quick turnover. Contract fulfilment cost are recognized from the costs incurred to fulfil contracts of customized AI applications development services, which will be recognized to cost of sales mainly within 3-6 months when the Group's related performance obligations are satisfied and hence the related service contract revenue is recognized.

Provision for impairment was recognized for the amount by which the carrying amount of the inventories exceeds its net realizable value and was recorded in "cost of sales" in the consolidated statement of comprehensive income. Provision for impairment movements for the years ended December 31, 2024 and 2023 are as below:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**(1,771)**	(1,794)
Provision for impairment	**(6,192)**	(1,866)
Written off	**5**	1,889
Partial disposal of subsidiaries	**4,166**	–
At the end of the year	**(3,792)**	(1,771)

22 TRADE RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Third parties	**3,366,568**	1,960,339
Less: credit loss allowance	**(280,928)**	(116,729)
	3,085,640	1,843,610

The carrying amounts of the Group's trade receivables are mainly denominated in RMB.

Movements on the Group's credit loss allowance for trade receivables are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**(116,729)**	(61,182)
Credit loss allowance recognized, net	**(201,055)**	(72,087)
Receivables written off as uncollectable	**–**	16,540
Partial disposal of subsidiaries	**36,856**	–
At the end of the year	**(280,928)**	(116,729)

The Group generally allows a credit period within 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Trade receivables		
Up to 3 months	**1,708,710**	832,085
3 to 6 months	**875,386**	655,045
6 months to 1 year	**346,588**	252,712
Over 1 year	**435,884**	220,497
	3,366,568	1,960,339

22 TRADE RECEIVABLES (continued)

The credit loss allowance of trade receivables as at December 31, 2024 and 2023 were determined as follows:

	As at December 31, 2024		
	Gross carrying amount RMB'000	Expected credit loss rate (%)	Credit loss allowance RMB'000
For credit loss allowance measured by aging			
– Up to 1 year	978,397	5.31%	51,963
– 1 year to 2 years	223,387	30.52%	68,183
– Over 2 years	153,149	65.30%	100,009
	1,354,933	16.25%	220,155
For credit loss allowance measured by industry			
– Leasing and business services	964,340	0.87%	8,359
– Education, science and technology	518,900	1.38%	7,156
– Telecommunication, computer and software	446,854	1.69%	7,540
	1,930,094	1.19%	23,055
For credit loss allowance measured individually	81,541	46.26%	37,718
	3,366,568	8.34%	280,928

22 TRADE RECEIVABLES (continued)

	As at December 31, 2023		
	Gross carrying amount RMB'000	Expected credit loss rate (%)	Credit loss allowance RMB'000
For credit loss allowance measured by aging			
– Up to 1 year	290,254	5.28%	15,320
– 1 year to 2 years	47,224	12.14%	5,732
– Over 2 years	31,875	46.72%	14,893
	369,353	9.73%	35,945
For credit loss allowance measured by industry			
– Telecommunication, computer and software	814,691	1.73%	14,121
– Education, science and technology	400,542	1.59%	6,360
– Wholesale and retail	37,886	5.07%	1,920
– Manufacturing	65,011	5.19%	3,375
– Others	40,547	1.89%	768
	1,358,677	1.95%	26,544
For credit loss allowance measured individually	232,309	23.35%	54,240
	1,960,339	5.95%	116,729

23 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Prepayments to suppliers	**261,291**	177,360
Deductible value-added input tax	**78,122**	133,102
Other receivables from third party customers (note)	**31,000**	58,683
Rental, bidding and other deposits	**13,628**	15,260
Consideration receivables from the partial disposal of subsidiaries (Note 3.3)	**68,837**	–
Consideration receivables from the partial disposal of investment accounted for using the equity method (Note 17(b))	**40,000**	–
Receivables from related parties (Note 36(c))	**45,326**	–
Others	**6,400**	10,279
	544,604	394,684
Less: credit loss allowance	**(8,638)**	(10,296)
	535,966	384,388

The expected credit losses of other receivables that are measured at amortized cost including deposits, other receivables from third party customers, consideration receivables for the disposal of equity interest and receivables from related parties were measured as either 12 months or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

As at December 31, 2024 and 2023, the carrying amounts of other receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates.

Note: In certain transactions with a customer, the Group only acted as an agent for purchasing certain hardware (the "hardware component") on behalf of the customer while acted as a principal in delivering the software to the customer. Therefore, the amounts recoverable from the Group's customer and the amounts payable to the Group's hardware supplier in connection with the hardware component have been recognized as other receivables (Note 23) and other payables, respectively in the consolidated balance sheet.

24 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Cash at bank and in hand	**858,618**	1,974,856
Short-term bank deposits with initial terms less than three months	**–**	3,035
	858,618	1,977,891

Cash and cash equivalents are denominated in the following currencies:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
RMB	**593,127**	1,206,409
USD	**254,907**	546,851
HKD	**8,939**	222,783
SGD	**1,636**	1,840
EUR	**9**	8
	858,618	1,977,891

(b) Restricted cash

Restricted cash are denominated in the following currencies:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
RMB	**2,511**	57,990

As at December 31, 2024 and 2023, restricted cash was held at bank as security deposits mainly for bidding, issuance of letter of guarantee or bank acceptance bills.

24 CASH AND BANK BALANCES (continued)

(c) Term bank deposits

Term bank deposits are all denominated in RMB.

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Included in current assets		
Short-term bank deposits	**454,636**	1,000
Long-term bank deposits maturing within one year	**105,017**	491,946
	559,653	492,946
Included in non-current assets		
Long-term bank deposits	**405,009**	204,157

Short-term bank deposits are bank deposits with original maturities over three months but within twelve months and redeemable on maturity. Long-term bank deposits are bank deposits with original maturities over twelve months and redeemable on maturity with term ranging from 3 to 5 years. The effective interest rate for the short-term bank deposits was 1.85% to 4.70% (2023: 1.95%) per annum for the year ended December 31, 2024. The effective interest rates for the long-term bank deposits were 2.60% to 3.90% (2023: 2.65% to 3.90%) per annum for the year ended December 31, 2024.

25 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Authorized and issued:		
At January 1, 2023	437,705,989	437,706
Capital contribution from shareholders (Note (a))	13,537,299	13,537
Repurchase and cancellation of shares (Note (a))	(5,578,755)	(5,578)
Issuance of ordinary shares upon IPO (Note (b))	20,194,200	20,194
At December 31, 2023 and 2024	465,858,733	465,859

Notes:

(a) In early 2023, the Company issued 13,537,299 ordinary shares to Nanjing Paradigm Enterprises Management Consulting Partnership (Limited Partnership) ("Nanjing Paradigm") as the share capital contributed from eligible participants with shares awarded in December 2022 under an approved employee incentive scheme (Note 27), and then repurchased 5,578,755 ordinary shares from Nanjing Paradigm at premium prices which in effect to facilitate the eligible participants' payments for the consideration for the share subscriptions and the associated individual income tax which they should bear or pay. The difference between consideration and share capital with respect to the capital contribution and share repurchase, amounting to RMB181,129,000 and RMB253,444,000, respectively, was credited and charged to capital reserve, respectively (Note 26).

(b) On September 28, 2023, the Company has successfully listed on the Main Board of the Hong Kong Stock Exchange and made an offering of 18,396,000 ordinary shares at a price at HKD55.60 per share. Additionally, the Company issued and allotted 1,798,200 ordinary shares on October 26, 2023 pursuant to the partial exercise of the over-allotment option as disclosed in the announcement of the Company dated October 23, 2023. The gross proceeds received by the Company was approximately HKD1,122,798,000 (equivalent to approximately RMB1,030,333,000). The respective share capital amount was approximately RMB20,194,000 and share premium arising from the issuance was approximately RMB957,452,000 as recognized in capital reserve (Note 26), net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These share issuance costs amounting to RMB52,687,000 were treated as a deduction against the share premium arising from the issuance.

26 TREASURY STOCK AND RESERVES

		Reserves				
	Treasury stock RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Currency translation reserve RMB'000	Other reserve RMB'000	Total RMB'000
Balance at January 1, 2024	–	8,370,096	1,590,125	(7,272)	16,689	9,969,638
Currency translation differences	–	–	–	3,258	–	3,258
Repurchase of shares (Note (a))	(18,107)	–	–	–	–	–
Share-based payments	–	–	3,797	–	–	3,797
Share of reserves of investments accounted for using the equity method	–	–	3,798	–	–	3,798
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	(10,961)	(10,961)
Balance at December 31, 2024	(18,107)	8,370,096	1,597,720	(4,014)	5,728	9,969,530
Balance at January 1, 2023	(4,898,094)	5,466,480	1,590,125	(4,146)	10,875	7,063,334
Currency translation differences	–	–	–	(3,126)	–	(3,126)
Issuance of ordinary shares upon IPO, net of issuance costs	–	957,452	–	–	–	957,452
Derecognition of redemption liabilities	4,898,094	2,020,081	–	–	–	2,020,081
Capital contribution from shareholders (Note 25(a))	–	181,129	–	–	–	181,129
Repurchase and cancellation of shares (Note 25(a))	–	(253,444)	–	–	–	(253,444)
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	5,814	5,814
Transactions with non-controlling interests	–	(1,602)	–	–	–	(1,602)
Balance at December 31, 2023	–	8,370,096	1,590,125	(7,272)	16,689	9,969,638

Note:

(a) In May, June, and July 2024, the Company has repurchased 379,400 ordinary shares on the Hong Kong Stock Exchange with an aggregate consideration of approximately RMB18,107,000. As of December 31, 2024, the repurchased shares have not been cancelled. The Company accounts for the repurchased ordinary shares under the cost method and includes such treasury stock as a component of the shareholders' equity.

27 SHARE-BASED PAYMENTS

On September 19, 2024, the Board of Directors of the Company approved and adopted the establishment of the 2024 share option scheme ("2024 share option scheme") with the purpose of attracting, motivating, retaining and rewarding certain employees. The share options granted to employees were subject to a service condition and a performance condition and will be vested in equal installments from the grant date to 4 years. An evaluation is made each year as to the likelihood of performance condition being met.

Movement in the number of share options granted is set out as below:

	Number of share options
Outstanding as of January 1, 2024	–
Granted during the year	5,124,445
Outstanding as of December 31, 2024	5,124,445

Fair value of share options

Based on fair value of the underlying ordinary shares, the Group has used Binomial option-pricing model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	At date of grant
Fair value of ordinary shares (HKD)	36.60
Exercise price (HKD)	41.19
Risk-free interest rate	3.2%
Dividend yield	0%
Expected volatility	44.04%
Expected terms	3.88

The risk-free rates have been derived based on the yield to maturity of HK Treasury Bonds with a term close to the expected maturity date as of the Valuation Date. The dividend yield is 0% because there is no dividend has been paid out by the Company to date and the Company does not expect to pay any dividends in the near future. The expected volatility is estimated based on the annualized standard deviation of the daily return of the historical stock prices of the Company and those of the comparable companies with a time horizon close to the expected term.

The weighted-average fair value of granted share options was RMB13.89 per share for the year ended December 31, 2024.

The total expenses recognized in profit or loss for the aforementioned share-based payments are RMB3,797,000 for the year ended December 31, 2024.

28 TRADE PAYABLES

Trade payables primarily include payables for inventories and outsourcing service fees.

As at December 31, 2024 and 2023, the carrying amounts of trade payables were primarily denominated in RMB.

Trade payables and their aging analysis based on invoice date are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Up to 3 months	**1,463,293**	578,906
3 to 6 months	**328,772**	222,511
Over 6 months	**391,198**	241,772
	2,183,263	1,043,189

29 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Payroll payables	**25,936**	106,356
Payable to third party hardware suppliers (Note 23)	**32,300**	40,358
Payable to a related party (Note 36(b))	**8,500**	–
Listing expenses payables	**7,079**	36,922
Other taxes payables	**4,488**	78,781
Expense reimbursement payable to employees	**2,319**	5,455
Accrual expenses and others	**14,167**	2,725
	94,789	270,597

The carrying amounts of other payables approximated their fair values as at December 31, 2024 and 2023. The other payables were primarily denominated in RMB.

30 DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

The amounts of offsetting deferred income tax assets and liabilities are RMB7,314,000 and RMB19,108,000 as at December 31, 2024 and 2023, respectively. After offsetting, net deferred income tax assets and net deferred income tax liabilities are nil (2023: nil) and RMB7,782,000 (2023: RMB1,482,000) as at December 31, 2024, respectively. The analysis of deferred income tax assets and liabilities before offsetting is as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Deferred income tax assets:		
– to be recovered after 12 months	**4,350**	11,049
– to be recovered within 12 months	**2,964**	8,059
	7,314	19,108
Deferred income tax liabilities:		
– to be settled after 12 months	**(12,132)**	(12,531)
– to be settled within 12 months	**(2,964)**	(8,059)
	(15,096)	(20,590)

The gross movement on the deferred income tax assets is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**19,108**	16,164
(Charged)/credited to profit or loss (Note 12)	**(4,328)**	2,944
Partial disposal of subsidiaries	**(7,466)**	–
At the end of the year	**7,314**	19,108

Deferred income tax assets are recognized for deductible temporary differences and tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable. As at December 31, 2024 and 2023, the Group did not recognize deferred income tax assets of RMB454,893,000 and RMB442,461,000, respectively, in respect of deductible temporary differences and cumulative tax losses amounting to RMB2,342,825,000 and RMB2,275,279,000, respectively, that can be carried forward against future taxable income. The tax losses as at December 31, 2024 and 2023 amounting to RMB113,088,000 and RMB108,519,000, can be carried forward indefinitely, respectively, and the remaining amount of RMB2,229,737,000 and RMB2,166,760,000 will expire within 5 or 10 years from the respective balance sheet dates.

30 DEFERRED INCOME TAXES (continued)

The gross movement on the deferred income tax liabilities is as follows:

	Year ended December 31, 2024 RMB'000	2023 RMB'000
At the beginning of the year	(20,590)	(30,488)
(Charged)/credited to profit or loss (Note 12)	(1,247)	9,898
Partial disposal of subsidiaries	6,741	–
At the end of the year	(15,096)	(20,590)

The detailed movements in deferred income tax assets and liabilities are as follows:

Deferred income tax assets:

	Credit loss allowance RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2024	6,144	6,192	6,772	19,108
Charged to profit or loss	–	(1,408)	(2,920)	(4,328)
Partial disposal of subsidiaries	(6,144)	(1,322)	–	(7,466)
At December 31, 2024	–	3,462	3,852	7,314
At January 1, 2023	–	5,650	10,514	16,164
Credited to profit or loss	6,144	542	(3,742)	2,944
At December 31, 2023	6,144	6,192	6,772	19,108

30 DEFERRED INCOME TAXES (continued)

Deferred income tax liabilities:

	Fair value changes of financial assets RMB'000	Intangible assets acquired in business combination RMB'000	Right-of-use assets RMB'000	Total RMB'000
At January 1, 2024	**(1,482)**	**(12,336)**	**(6,772)**	**(20,590)**
(Charged)/credited to profit or loss	**(6,300)**	**2,133**	**2,920**	**(1,247)**
Partial disposal of subsidiaries	**–**	**6,741**	**–**	**6,741**
At December 31, 2024	**(7,782)**	**(3,462)**	**(3,852)**	**(15,096)**
At January 1, 2023	(3,436)	(16,538)	(10,514)	(30,488)
Credited to profit or loss	1,954	4,202	3,742	9,898
At December 31, 2023	(1,482)	(12,336)	(6,772)	(20,590)

31 BORROWINGS

	As at December 31,	
	2024 RMB'000	2023 RMB'000
Included in current liabilities		
Secured borrowings (Note (a))	**–**	11,500
Guaranteed borrowing (Note (a))	**4,000**	–
Factoring borrowings	**–**	6,030
Unsecured borrowings (Note (b))	**1,883**	78,717
	5,883	96,247
Included in non-current liabilities		
Secured borrowings (Note (a))	**–**	12,500
	–	12,500

Notes:

(a) As at December 31, 2024, a borrowing of RMB4,000,000 was guaranteed by the director of a subsidiary. As at December 31, 2023, borrowings of RMB24,000,000 were secured by the pledge over certain patent rights of the Group. As at December 31, 2024, the effective interest rate of these secured and guaranteed borrowings was 3.73% (2023: 4.25%-4.85%) per annum.

(b) As at December 31, 2024, unsecured borrowings comprise short-term unsecured borrowings of RMB1,883,000 (2023: RMB63,717,000) which bear fixed interest rates is 4.0% (2023: 3.75% to 4.50%) per annum. As at December 31, 2023, the Group also had an interest-free borrowing of RMB15,000,000.

32 OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Payable for acquisition of subsidiaries	**18,840**	58,888
Less: current portion of payable for acquisition of subsidiaries included in other current liabilities	**(18,840)**	(41,449)
	–	17,439

33 CONTINGENCIES AND COMMITMENTS

The Group did not have any material contingent liabilities as at December 31, 2024 and 2023.

Commitments for expenditure or investments as contracted at the balance sheet date but not yet incurred are summarized as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Investments	**4,000**	12,000

As of December 31, 2024 and December 31, 2023, the Group had no material commitments other than those disclosed above.

34 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended December 31, 2024, and 2023.

35 PARTIAL DISPOSAL OF SUBSIDIARIES

(a) Partial disposal of equity interests in Zhongneng Shibei Technology

In the first quarter of 2024, the Group entered into an equity transfer agreement with Ningbo Herong Shengjing Investment Management Partnership (Limited Partnership) for the transfer of 22% (out of the total of 66%) equity interest in Zhongneng Shibei Technology, a subsidiary of the Company, and its consolidated subsidiaries with a total cash consideration of RMB88,000,000 (the "partial disposal"). The transaction was completed on April 1, 2024 with an aggregate net gain of approximately RMB31,545,000. Upon completion of the partial disposal, Zhongneng Shibei Technology ceased to be a subsidiary of the Company and the Group continues to have significant influence on Zhongneng Shibei Technology through the Group's representative in the board of directors of Zhongneng Shibei Technology. Accordingly, the Group's remaining 44% equity interest in Zhongneng Shibei Technology with a fair value of approximately RMB167,200,000 was transferred as an investment accounted for using the equity method.

35 PARTIAL DISPOSAL OF SUBSIDIARIES (continued)

(a) Partial disposal of equity interests in Zhongneng Shibei Technology (continued)

The consideration of the transaction will be paid by instalments prior to December 31, 2026. As of December 31, 2024, consideration of RMB10,000,000 had been received by the Group. The current and non-current portion of remaining receivables arising from the equity transfer amounted to RMB32,837,000 (Note 23) and RMB39,761,000 (Note 20), respectively.

The assets and liabilities derecognized as a result of the partial disposal of subsidiaries are as follows:

	As at April 1, 2024 RMB'000
Non-current assets	
Intangible assets	37,281
Contract assets	16,086
Other non-current assets	6,854
	60,221
Current assets	
Inventories	134,503
Contract assets	49,603
Trade receivables	196,815
Cash and cash equivalents	7,545
Other current assets	13,248
	401,714
Total assets	461,935
Non-current liabilities	
Lease liabilities	1,648
Borrowings	16,750
	18,398
Current liabilities	
Trade payables	83,048
Other payables and accruals	114,412
Borrowings	58,500
Other current liabilities	2,622
	258,582
Total liabilities	276,980
Net assets	184,955

35 PARTIAL DISPOSAL OF SUBSIDIARIES (continued)

(a) Partial disposal of equity interests in Zhongneng Shibei Technology (continued)

Details of partial disposal of the subsidiaries:

	Period from January 1, 2024 to April 1, 2024 RMB'000
Consideration received or receivable:	
Cash received	10,000
Consideration receivable	70,503
Total cash consideration	80,503
Fair value of the Group's remaining equity interest	167,200
Total disposal consideration	247,703
Carrying amount of net assets disposed excluding goodwill	(184,955)
Non-controlling interests	62,885
Goodwill disposed	(94,088)
Gains on partial disposal of subsidiaries	31,545

Reconciliation of the cash flows from partial disposal of the subsidiaries:

	Six months ended June 30, 2024 RMB'000
Cash received	10,000
Cash disposed	(7,545)
Cash flows from partial disposal of subsidiaries, net of cash disposed	2,455

(b) Partial disposal of equity interests in EpicHust Technology

In the third quarter of 2024, the Group entered into an equity transfer agreement with several entities controlled by the management team for the transfer of 44.69% (out of the total of 79.66%) equity interest in EpicHust Technology, a subsidiary of the Company, and its consolidated subsidiaries with a total cash consideration of RMB72,000,000 (the "partial disposal"). The transaction was completed on August 31, 2024 with an aggregate net gain of approximately RMB35,606,000. Upon completion of the partial disposal, EpicHust Technology ceased to be a subsidiary of the Company and the Group continues to have significant influence on EpicHust Technology through the Group's representative in the board of directors of EpicHust Technology Accordingly, the Group's remaining 34.97% equity interest in EpicHust Technology with a fair value of approximately RMB56,342,000 was transferred as an investment accounted for using the equity method.

35 PARTIAL DISPOSAL OF SUBSIDIARIES (continued)

(b) Partial disposal of equity interests in EpicHust Technology (continued)

The consideration of the transaction will be paid by instalments prior to April 30, 2025. As of December 31, 2024, consideration of RMB36,000,000 had been received by the Group in accordance with the agreed payment schedule. The current portion of remaining receivables arising from the equity transfer amounted to RMB36,000,000 (Note 23).

The assets and liabilities derecognized as a result of the partial disposal of subsidiaries are as follows:

	As at August 31, 2024 RMB'000
Non-current assets	
Intangible assets	12,333
Other non-current assets	4,330
	16,663
Current assets	
Inventories	18,658
Trade receivables	60,734
Prepayments and other receivables	15,580
Cash and cash equivalents	19,654
Other current assets	9,968
	124,594
Total assets	141,257
Non-current liabilities	
Other non-current liabilities	1,735
Current liabilities	
Trade payables	30,609
Other payables and accruals	34,363
Contract liabilities	18,306
Borrowings	33,300
Other current liabilities	2,023
	118,601
Total liabilities	120,336
Net assets	20,921

35 PARTIAL DISPOSAL OF SUBSIDIARIES (continued)

(b) Partial disposal of equity interests in EpicHust Technology (continued)

	Period from January 1, 2024 to August 31, 2024 RMB'000
Consideration received or receivable:	
Cash received	36,000
Consideration receivable	36,000
Total cash consideration	72,000
Fair value of the Group's remaining equity interest	56,342
Total disposal consideration	128,342
Carrying amount of net assets disposed excluding goodwill	(20,921)
Non-controlling interests	4,259
Goodwill disposed	(76,074)
Gains on partial disposal of subsidiaries	35,606

Reconciliation of the cash flows from partial disposal of the subsidiaries:

	Year ended December 31, 2024 RMB'000
Cash received	36,000
Cash disposed	(19,654)
Cash flows from partial disposal of subsidiaries, net of cash disposed	16,346

36 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had significant transactions and/or balances with the Group during the reporting periods:

Names of the major related parties	Relationship
Laike Paradigm	Joint venture of the Group (a subsidiary of the Group prior to May 2023)
Yijing Zhilian	Associate of the Group
Beijing Data Element Intelligent Technology Co., Ltd. ("Data Element")	Associate of the Group
Zhongneng Shibei Technology	Associate of the Group (a subsidiary of the Group prior to April 2024)
EpicHust Technology	Associate of the Group (a subsidiary of the Group prior to August 2024)
Lianxu Qi	Non-controlling shareholder and management of the Group
Wake Up	Joint venture of the Group (newly invested in 2024)

(b) Significant transactions with related parties

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Sales of goods and services		
Zhongneng Shibei Technology	773	–
EpicHust Technology	141	–
	914	–

36 RELATED PARTY TRANSACTIONS (continued)

(b) Significant transactions with related parties (continued)

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Purchases of goods and services		
Data Element	**1,137**	3,203
Wake Up	**303**	–
Yijing Zhilian	**–**	1,700
Laike Paradigm	**–**	881
	1,440	5,784

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Loan to a related party		
Loan to Zhongneng Shibei Technology:		
At the beginning of the year	**–**	–
Additions	**35,123**	–
Interest charged	**203**	–
At the end of the year	**35,326**	–

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Loan to a related party		
Loan to EpicHust Technology:		
At the beginning of the year	**–**	–
Additions	**10,000**	–
At the end of the year	**10,000**	–

36 RELATED PARTY TRANSACTIONS (continued)

(b) Significant transactions with related parties (continued)

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Advance from a non-controlling shareholder		
At the beginning of the year	–	–
Additions	8,500	–
At the end of the year	8,500	–

(c) Significant balance with related parties

	As at December 31, 2024 RMB'000	2023 RMB'000
Trade payables to related parties		
Yijing Zhilian	890	1,160
Data Element	523	970
Zhongneng Shibei Technology	142	–
	1,555	2,130

	As at December 31, 2024 RMB'000	2023 RMB'000
Trade receivables from related parties		
Zhongneng Shibei Technology	1,107	–

	As at December 31, 2024 RMB'000	2023 RMB'000
Prepayments and other receivables from related parties		
Zhongneng Shibei Technology	35,326	–
EpicHust Technology	10,000	–
Wake Up	237	–
	45,563	–

36 RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel compensation

The remuneration of directors, supervisors and other key management personnel is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	**17,015**	22,757
Contributions to pension plans	**619**	648
Other social security costs, housing benefits and other employee benefits	**898**	928
Share-based payment expenses	**2,026**	–
	20,558	24,333

The wages, salaries, bonuses, contributions to pension plans, other social security costs, housing benefits and other employee benefits of key management personnel as disclosed above include RMB4,351,180 (2023: RMB1,244,000) which were unpaid as at December 31, 2024 and included in other payables and accruals. The share-based payments provided to key management personnel during the year ended December 31, 2024 are equity-settled, see Note 27 for details.

37 CASH FLOW INFORMATION

(a) Cash used in operations

	Year ended December 31, 2024 RMB'000	2023 RMB'000
Loss before income tax	(290,088)	(930,829)
Adjustments for:		
– Depreciation and amortization		
– property and equipment	22,400	18,535
– right-of-use assets	22,488	28,651
– intangible assets	16,890	34,152
– Credit loss allowance	199,961	79,537
– Impairment provision for inventories	6,192	1,866
– Share-based payment expenses	3,797	–
– Interest income	(51,866)	(54,218)
– Interest expenses	5,898	437,417
– Net gains on disposal of right-of-use assets	(1,071)	–
– Fair value changes on financial assets at fair value through profit or loss	(39,815)	16,345
– Share of (profits)/losses of investments accounted for using the equity method	(19,265)	1,597
– Net gains on disposal/dilution of investments accounted for using the equity method	(5,313)	(16,086)
– Net gains on the partial disposal of subsidiaries	(67,151)	–
– Net gains on disposal of self-developed patent	–	(6,604)
– Foreign exchange losses, net	(7,827)	4,476
– Increase in contract assets	(16,894)	(17,306)
– (Increase)/decrease in inventories	(35,708)	52,744
– Increase in trade receivables	(1,700,754)	(422,540)
– Increase in prepayments and other receivables	(128,303)	(3,531)
– Decrease/(increase) in restricted cash	51,970	(51,074)
– Decrease/(increase) in other non-current assets	23,997	(237,970)
– Increase in trade payables	1,356,926	180,027
– (Decrease)/increase in other payables and accruals	(32,519)	35,619
– Increase/(decrease) in contract liabilities	46,173	(179,547)
– Decrease in other current liabilities	(2,194)	(31)
Cash used in operations	(642,076)	(1,028,770)

37 CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities from financing activities

This section sets out an analysis and the movements of liabilities from financing activities for the years ended December 31, 2024 and 2023, respectively.

	Liabilities from financing activities			
	Redemption liabilities RMB'000	Lease liabilities (Note 14(b)) RMB'000	Borrowings (Note 31) RMB'000	Total RMB'000
As at January 1, 2024	–	45,886	108,747	154,633
Cash flows	–	(25,564)	4,240	(21,324)
Accrued interest expenses	–	1,622	1,446	3,068
Addition of new leases	–	29,393	–	29,393
Termination of leases	–	(25,638)	–	(25,638)
Partial disposal of subsidiaries	–	(3,220)	(108,550)	(111,770)
As at December 31, 2024	–	22,479	5,883	28,362
As at January 1, 2023	6,493,159	72,032	72,554	6,637,745
Cash flows	–	(31,966)	33,190	1,224
Accrued interest expenses	425,016	2,808	3,003	430,827
Addition of new leases	–	3,012	–	3,012
Derecognition of redemption liabilities	(6,918,175)	–	–	(6,918,175)
As at December 31, 2023	–	45,886	108,747	154,633

(c) Major non-cash investing and financing activities

The major non-cash investing and financing activities in 2024 mainly include (i) the addition of right-of-use assets and lease liabilities described in Note 14 and (ii) increase in the interest in associates due to dilution gains Note 17(b).

In 2023, the major non-cash investing and financing activities mainly include (i) the addition of right-of-use assets and lease liabilities described in Note 14, (ii) increase in share of net assets of associates due to the dilution gains, and transfers of investments accounted for using equity method to financial assets measured at fair value through profit or loss as described in Note 17(b) and (iii) the interest amortization on redemption liabilities and the derecognition of redemption liabilities.

38 SUBSEQUENT EVENTS

In February 2025, the Company entered into the Placing Agreement with the Placing Agents, and then successfully completed the placement of a total of 27,920,000 Placing Shares to not less than six placing parties at a Placing Price of HK$50.20 per share and has received an aggregate placement proceeds of approximately HKD1,393,930,000. Following the Placing Completion, the total number of issued shares of the Company is 493,778,733 Shares, comprising 294,909,496 H Shares and 198,869,237 Unlisted Shares.

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Assets		
Non-current assets		
Property and equipment	**12**	26
Investment in subsidiaries	**2,234,661**	2,080,863
Investments accounted for using the equity method	**331,834**	41,019
Amount due from subsidiaries	**3,722,584**	4,167,437
	6,289,091	6,289,345
Current assets		
Trade receivables	**1,239**	125
Prepayments and other receivables	**3,197**	4,628
Financial assets at fair value through profit or loss	**–**	78,091
Term bank deposits	**454,636**	–
Cash and cash equivalents	**578,732**	996,963
	1,037,804	1,079,807
Total assets	**7,326,895**	7,369,152

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Balance sheet of the Company (continued)

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Equity		
Equity attributable to owners of the Company		
Share capital	465,859	465,859
Treasury stock	(18,107)	–
Reserves	8,389,661	8,396,825
Accumulated losses	(1,522,039)	(1,543,617)
Total equity	7,315,374	7,319,067
Liabilities		
Non-current assets		
Deferred income tax liabilities	–	48
	–	48
Current liabilities		
Trade payables	4,360	12,498
Other payables and accruals	7,161	37,539
	11,521	50,037
Total liabilities	11,521	50,085
Total equity and liabilities	7,326,895	7,369,152

The balance sheet of the Company was approved by the Board of Directors on March 31, 2025 and was signed on its behalf by:

Dai Wenyuan
Director

Yu Zhonghao
Director

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Movements in reserves and accumulated losses of the Company

		Reserves				
	Treasury stock RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Total RMB'000	Accumulated losses RMB'000
Balance at January 1, 2024	–	8,380,154	–	16,671	8,396,825	(1,543,617)
Profit for the year	–	–	–	–	–	21,578
Repurchase of shares	(18,107)	–	–	–	–	–
Share-based payments	–	–	3,797	–	3,797	–
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(10,961)	(10,961)	–
Balance at December 31, 2024	(18,107)	8,380,154	3,797	5,710	8,389,661	(1,522,039)
Balance at January 1, 2023	(4,898,094)	5,474,936	–	10,857	5,485,793	(1,017,482)
Loss for the year	–	–	–	–	–	(526,135)
Issuance of ordinary shares upon IPO, net of issuance costs	–	957,452	–	–	957,452	–
Derecognition of redemption liabilities	4,898,094	2,020,081	–	–	2,020,081	–
Capital contribution from shareholders	–	181,129	–	–	181,129	–
Repurchase and cancellation of shares	–	(253,444)	–	–	(253,444)	–
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	5,814	5,814	–
Balance at December 31, 2023	–	8,380,154	–	16,671	8,396,825	(1,543,617)

In this report, unless the context otherwise requires, the following expressions have the following meanings. These expressions and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing New Wisdom"	Beijing New Wisdom Pilot Management Consulting Co., Ltd. (北京新智領航管理諮詢有限公司), a limited liability company established in the PRC on April 9, 2020, being the sole general partner of our Employment Incentive Platform and owned as to 99.0% by Dr. Dai and 1.0% by his spouse, respectively, and one of our Controlling Shareholders
"Board" or "Board of Directors"	the board of Directors
"China" or "PRC"	the People's Republic of China, for the purpose of this report and for geographical reference only, excluding Hong Kong and Macao Special Administrative Regions and Taiwan
"Company", "the Company" or "our Company"	Beijing Fourth Paradigm Technology Co., Ltd. (北京第四範式智能技術股份有限公司), a company incorporated in the PRC limited liability on September 17, 2014 and converted into a joint stock limited liability company incorporated in the PRC on July 9, 2021, whose predecessor was 北京第四範式智能技術有限公司
"Director(s)" or "our Director(s)"	the director(s) of the Company
"Dr. Dai"	Dr. Dai Wenyuan (戴文淵), the chairman of the Board, an executive Director, chief executive officer and one of our Controlling Shareholders
"Employee Incentive Platforms"	Paradigm Investment and Nanjing Paradigm, the beneficial interests of which are offered to certain key employees of our Company pursuant to the Employee Incentive Scheme, and Paradigm Investment is one of our Controlling Shareholders
"Employee Incentive Scheme"	the employee incentive scheme of our Company approved and adopted by our Board on April 25, 2021, a summary of the principal terms of which is set forth in "Statutory and General Information – Further information about our Directors, Supervisors, Senior Management and Substantial Shareholders – 5. Employee Incentive Scheme" in Appendix VI to the Prospectus
"Global Offering"	the global offering of the H Shares in Hong Kong as described in the Prospectus

"Group," "our Group," "we" or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be listed on the Hong Kong Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HongShan"	a reference to the HongShan funds and entities that are engaged in activities related to investing and are principally focused on companies located in, or with connections to, the PRC
"IFRS"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	September 28, 2023, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
"Nanjing Paradigm"	Nanjing Paradigm Enterprises Management Consulting Partnership (Limited Partnership) (南京範式企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 29, 2022, and an Employee Incentive Platform of which Paradigm New Wisdom is the sole general partner
"Paradigm Chuqi"	Tianjin Paradigm Chuqi Management Consulting Partnership (Limited Partnership) (天津範式出奇管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on April 21, 2021, of which Beijing New Wisdom is the sole general partner, and it is one of our Controlling Shareholders which is interested in more than one third of limited partnership interest in Paradigm Investment

"Paradigm Investment"	Paradigm (Tianjin) Management Consulting Partnership (Limited Partnership) (範式(天津)管理諮詢合夥企業(有限合夥)), previously known as Paradigm (Ningbo Free Trade Zone) Investment Partnership (Limited Partnership) (範式(寧波保稅區)投資合夥企業(有限合夥)), a limited partnership established in the PRC on March 29, 2018, of which Beijing New Wisdom is the sole general partner, and it is the Employee Incentive Platform and one of our Controlling Shareholders
"Paradigm New Wisdom"	Beijing Paradigm New Wisdom Enterprises Management Co., Ltd. (北京範式新智企業管理有限公司), a limited liability company established in the PRC on January 12, 2023, being the sole general partner of Nanjing Paradigm and owned as to 100% by Mr. Yu Hui (俞暉), an Independent Third Party
"Paradigm Yinyuan"	Tianjin Paradigm Yinyuan Management Consulting Partnership (Limited Partnership) (天津範式隱元管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on April 21, 2021 of which Beijing New Wisdom is the sole general partner, and one of our Controlling Shareholders
"Placing Agents"	China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited
"Placing Agreement"	the conditional placing agreement entered into between the Company and the Placing Agents dated February 7, 2025
"Placing Shares"	27,920,000 new H Shares issued and allotted pursuant to the terms and conditions of the Placing Agreement
"Prospectus"	the prospectus dated September 18, 2023 issued by the Company in connection with Hong Kong public offering under the Global Offering
"Reporting Period"	for the year ended December 31, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Share(s)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee

"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"Unlisted Shares"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar", "US$" or "USD"	United States dollar, the lawful currency of the United States
"%"	Per cent.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

* *For identification purposes only*

“AI”	artificial intelligence, simulation of human intelligence by machines
“AIGS”	AI-Generated Software
“AIOT”	artificial intelligence of things, the combination of the connectivity from the IOT with data-driven knowledge obtained from AI
“algorithm”	a procedure of formula for solving a problem, based on conducting a sequence of specified actions
“cloud”	the computers and connections that support cloud computing
“cloud computing”	the practice of storing computer data and programs on multiple servers that can be accessed through the internet
“enterprise AI”	AI technologies and software applied by enterprises to address their business needs and drive their digital and automation transformation
“IDC”	International Data Corporation
“IOT”	Internet of Things
“IT”	information technology
“machine learning”	the scientific study of algorithms and statistical models that computer systems use to effectively perform specific tasks without being explicitly programmed to do so
“platform-centric”	a type of AI solutions that come with an AI development platform in addition to AI applications and underlying computing infrastructure
“R&D”	research and development