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**Beijing Fourth Paradigm Technology Co., Ltd.**  
**北京第四范式智能技术股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6682)**

**BUSINESS PERFORMANCE FOR THE FIRST QUARTER ENDED  
MARCH 31, 2024**

This announcement is made by Beijing Fourth Paradigm Technology Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

**BUSINESS REVIEW AND OUTLOOK**

Amidst the seasonal impact of the industry and market volatility, the Company’s core business performed well and achieved solid growth. For the three months ended March 31, 2024 (the “**Period**”), as the core offerings of the 4Paradigm Sage AI Platform advanced further iteration, we unveiled the “Sage AI Platform 5.0”, promoting the efficient implementation of industry-specific large models in various industries. By creating an infrastructure for AI platforms with technological innovation, we reduced the barriers to entry for enterprises to develop large models and helped enterprises to build fundamental large models that fit for their specific modalities, aiming to constantly create value for both society at large and our enterprise clientele.

During the Period, the Company’s total revenue amounted to RMB828 million, representing a year-on-year growth of 28.5%. Gross profit was RMB341 million, representing a year-on-year increase of 21.1%. As a result of the seasonality of the industry and the phased fluctuations in business structure, the Company’s gross profit margin fluctuated during the Period, being 41.2%.

We insisted on innovation-driven development. During the Period, our research and development (“**R&D**”) expenditure was RMB348 million, representing a R&D expense rate of 42.0%. In March 2024, the “Sage AI Platform 5.0” was released, a new platform that can build industry-specific large models. The Company’s core business, “4Paradigm Sage AI Platform”, saw significant growth attributable to our continuous innovation in product technology and increasing market demand, with its revenue reaching RMB502 million for the Period, representing a year-on-year increase of 84.8%.

We continued to diversify our customer base by actively acquiring new customers while improving digital transformation experience and increasing product stickiness for existing customers. During the Period, we had 124 total users and 54 lighthouse users, and the average revenue contribution from the lighthouse user group was RMB8.9 million, representing a year-on-year increase of 64.0%. From January 1, 2020 to March 31, 2024, we have provided services for a total of 1,058 users.

We continued to push forward the application of industry-specific large models and artificial intelligence in industries. We put continuous focus on key industries such as finance, energy and power, transportation and telecom operators while further enhancing our penetration in strategic areas such as manufacturing, healthcare and retail. In close cooperation with our customers to explore the high-value application scenarios of large models in the field of enterprise services, we strive to promote the digital and intelligent transformation of industries through technological innovation and advancement.

## PERFORMANCE BY BUSINESS SEGMENT

### *4Paradigm Sage AI Platform (4ParadigmSage)*

During the Period, the revenue of the 4Paradigm Sage AI Platform business (hereinafter referred to as “Sage AI Platform”) amounted to RMB502 million, representing a year-on-year increase of 84.8%. Revenue from the Sage AI Platform business accounted for 60.6% of the Group’s total revenue.

In the era of artificial intelligence, we hope to better meet the actual needs faced by enterprises in the commercialization process, and use the ability of generative AI to build customer-specific fundamental large models, and continuously reduce the barriers to entry for enterprises to develop large models. At the end of March 2024, the “Sage AI Platform 5.0” was released, a new platform that can build industry-specific large models.

At present, most of the language-based large models can solve the problem of generating the next text/picture/video. However, for enterprises, their core demands (i.e., strategic upgrading, performance growth, competitiveness enhancement, etc.) urgently need to be addressed. There are more demands to fortify enterprise core efficiency through advancing digital and intelligent transformation.

Based on the technical principle of predicting the next arbitrary modality, the “Sage AI Platform 5.0” can construct industry-specific large models with different modalities of data for various industry scenes, greatly expanding the application field of industry-specific large models and providing enterprises with sufficient supply of large models. For example, we help healthcare organizations predict the health level of their patients for the next three years based on the data from physical examination reports in the health management field. We help power stations predict how their units will operate in particular cycles in the future based on the equipment status data in the hydropower management sector. We help hydrologic monitors make monthly predictions of disaster risk for the next seven days based on hydrologic data from the water sector.

The “Sage AI Platform 5.0” focuses on bringing higher value to the AI intelligent transformation of enterprises and further promoting the large-scale application of AI technology. The product provides enterprises with various development tools and an enterprise-level model management platform, where business staff can realize the whole process of constructing, optimizing, reporting, and managing industry-specific large models through natural language interaction (enterprise-level AI Agent). In terms of data, the platform supports data storage, utilization and computation in all modalities, and also allows everyone to become a “supplier” of high-quality data through annotation and feedback.

In respect of large model capability, users can develop industry-specific large models for different scenarios based on fundamental large models and development tools such as large language models and multimodal large models, providing more vertical industry capabilities.

Looking back at the iterative history of the Sage AI Platform, we have always been committing to solve the core pain points of enterprise AI applications at all stages.

The 4Paradigm Sage AI Version 1.0 (2015) dramatically scales up model parameters through a high-dimensional, real-time, self-learning framework, replacing the enterprise's traditional expert-rule-based decision engine; the 4Paradigm Sage AI Version 2.0 (2017) launched the HyperCycle low-threshold development tool based on automated machine learning, dramatically reducing the model development threshold and enabling customers to construct industry-specific large models on their own. The 4Paradigm Sage AI Version 3.0 (2020) defines the full-process standard for accelerating AI application scenarios, reducing 95% of the time for data governance in enterprises, significantly improving the efficiency of AI application, and realizing efficient application of industry-specific large models through the AIOS operating system. The 4Paradigm Sage AI Version 4.0 (2022) sets up the "North Star Metric"<sup>1</sup> to identify high-value business scenarios of the enterprise, so that the industry-specific large models can serve the core competitiveness of enterprises; the newly released 4Paradigm Sage AI Version 5.0 utilizes full-modality data scaling to develop industry-specific large models, breaking the application limitations of large language models, and allowing large models to penetrate every aspect of the enterprise's operations.

### ***SHIFT Intelligent Solutions (4Paradigm SHIFT)***

During the Period, the SHIFT Intelligent Solutions business recorded revenue of RMB249 million, representing 30.1% of the Group's total revenue. This business is an extension of the "Sage AI Platform" business on the solution side, and its expansion and development will support the growth of the "Sage AI Platform" business. As a result, the SHIFT Intelligent Solutions business temporarily experienced a seasonal fluctuation with a 14.6% year-on-year decline in revenue, amidst the Company's product strategy expansion rhythm of its core "Sage AI Platform" business with an 84.8% year-on-year growth.

On the basis of the underlying AI capabilities and sufficient supply of industry-specific large models, we have deeply integrated with the practical experience of our partners in various industries to provide intelligent solutions for different sectors. During this Period, we continued to release dozens of solution products for industries such as finance, retail, manufacturing, energy, construction, telecom operators, and healthcare.

Through the construction of the Paradigm Ecology, we have further focused on offering base modeling capabilities to provide our clients with base modeling capabilities and core methodologies in relation to the North Star Metric to drive the value of their core business. At the same time, by leveraging the end-to-end capabilities, industry insights and customer resources of our Paradigm Ecosystem partners, we are able to extend our reach into more segments more efficiently, and further promote product boundary expansion and industry resource integration.

1. The North Star Metric, a business indicator highly related to a company's core values, helps companies focus on the most important growth drivers, such as revenue growth, profit enhancement, market share expansion, etc., and guides their decision-making and resource allocation.

For example, in the construction field, our 3D scanning and modeling intelligent terminal products provides data acquisition, intelligent identification, automatic modeling and other capabilities, which can help construction enterprises achieve efficient, convenient and accurate data processing and modeling under different application scenarios, laying the foundation for construction enterprises' digital management and development; in the manufacturing field, our AI products combine industrial AI, optics, and large modeling and other technologies to achieve rapid, lightweight, and flexible deployment to provide a lightweight and standardized quality inspection system with high inspection efficiency and strong adaptive capability for manufacturing enterprises.

Based on these solutions, we can further penetrate into a wider range of industries and scenarios to solve the key traditional business problems of enterprises, and thus promote the transformation of digital intelligence in the industry.

#### ***4Paradigm SageGPT AIGS Services (4Paradigm AIGS)***

During the Period, the revenue of the 4Paradigm SageGPT AIGS Services segment amounted to RMB77 million, accounting for 9.3% of the Group's total revenue. This business provides efficient development tools and services for the core business "Sage AI Platform". Therefore, the SageGPT AIGS Services experienced a seasonal fluctuation with a 5.1% year-on-year decline in revenue, amidst the Company's product strategy expansion rhythm of its core "Sage AI Platform" business with an 84.8% year-on-year growth.

To further improve enterprise development efficiency, we have continued to iterate and optimize our AIGS Code X product, a generative AI-based auxiliary programming tool. The product is oriented to the whole process of enterprise R&D, providing one-stop services including code rewriting, annotation generation, code correction, code reconstruction, and generation of unit testing, etc. It also equips every developer with a business-savvy "Senior Programming Assistant", which reduces the programming threshold and improves R&D efficiency, constructs a standardized "application production line", and thus comprehensively improves organizational efficiency.

During the Period, AIGS Code X has made greater breakthroughs in various aspects, such as product function upgrading and model effect. In terms of the product function, the product has realized seamless access to mainstream development software and in-depth optimization of mainstream programming languages, significantly improving user experience and product capability. In terms of model effect, the product aims to achieve the best application effect by constructing a structure system with multi-mode combination and model flexible switching. In addition, it greatly enhances the comprehensive effect of large model through the joint optimization of scene, point location and model effect.

As of March 31, 2024, we have been conducting in-depth exploration with a number of leading players in industries, such as finance companies, telecom operators, and new energy vehicle enterprises, in areas including programming development. In the future, we will continue to cooperate with more enterprises. Focusing on the effective empowerment of more partners, we will further enhance the upstream and downstream construction of our large model technology system and innovation capabilities and comprehensively promote the innovation and R&D efficiency of the traditional enterprises under the intelligent transformation.

### **CORE BUSINESS PROGRESS: INDUSTRY-SPECIFIC LARGE MODELS EFFECTIVELY ENHANCED THE COMPETITIVENESS OF MULTIPLE INDUSTRIES**

During the Period, based on the “Sage AI Platform 5.0”, we have built a number of typical industry-specific large model cases with our lighthouse users and partners. Through cooperation with representative players in key industries (e.g. intelligent manufacturing, healthcare industries, etc.), we establish exemplary industry-specific large models in the core business scenarios of their respective fields.

In the first quarter, we partnered with a domestic smart manufacturing enterprise to realize full integration of factory operation data through artificial intelligence. With this intelligent platform, the factory’s production efficiency has increased by 11.4%. In the healthcare industry, we improve the quality and efficiency of healthcare services and reduce the burden of disease through artificial intelligence technology and industry-specific large model capabilities, thereby enhancing the health of consumers. In collaboration with a standardized metabolic disease management center, we have developed a large model for chronic disease management, which is capable of assessing the risk of five common and highly prevalent chronic diseases, including cardiovascular, cardiovascular system, stroke, diabetes, and hypertension, over a three-year period, with a three-fold increase in accuracy.

We are pleased to witness that large models have great potential to improve production efficiency, optimize resource allocation, and enhance decision support. Advanced practice experience accumulated in strategically focused industries will help us continue to drive the commercialization of our generative AI technology and large model products.

## CORPORATE SOCIAL RESPONSIBILITY

As an AI technology enterprise, we always uphold the concept of combining science and technology with humanistic care, pay close attention to social issues, and actively undertake corporate social responsibility.

In the first quarter of this year, we united with a water conservancy unit to build a large model of intelligent flood control and deployed flood control work in advance to cope with the summer flood season. Comprehensive flood control is not only related to the people's lives and property safety, but also plays a meaningful role in social and economic development and ecological environment protection.

Our flood control large model can optimize emergency response and resource deployment through real-time monitoring and prediction of flood risks, provide early warning and reduce disaster losses, thereby protecting residents' lives and properties and enhancing the overall disaster-resistant capability of the society. The flood control large model has three functions: query, on-duty monitoring and flood forecast. The system manages a huge amount of flood control data and application programs, and through voice interaction, it can provide various kinds of correlated answers such as data, charts and short texts. With on-duty monitoring, it is possible to promptly access comprehensive information on cloud cover, rainfall, river water levels, river conditions, and river hazards. This also enables us to reduce the time required for early warning drills to the minute level. Furthermore, leveraging a managed camera system, the large model can accurately capture images of river engineering slope collapses with a precision of 10 square centimeters. This helps reduce the likelihood of loss caused by catastrophic events due to underreporting.

We believe that technological advancements will lead to the birth of more innovations that benefit livelihoods of thousands of households. By harnessing the power of science and technology, we can enhance the quality of people's lives and promote sustainable development.

**The board of directors would like to remind investors that the data and the information contained in this announcement are based on the management accounts of the Group, which have not been reviewed or audited by the auditors of the Company and are for investors' reference only. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Beijing Fourth Paradigm Technology Co., Ltd.**  
北京第四範式智能技術股份有限公司  
**Dr. Dai Wenyuan**  
*Chairman and Executive Director*

Hong Kong, May 28, 2024

*As at the date of this announcement, the executive directors are Dr. Dai Wenyuan, Mr. Chen Yuqiang and Mr. Yu Zhonghao; the non-executive directors are Dr. Yang Qiang, Mr. Dou Shuai and Mr. Zhang Jing; and the independent non-executive directors are Mr. Li Jianbin, Mr. Liu Chijin and Ms. Ke Yele.*