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Beijing Fourth Paradigm Technology Co., Ltd.
北京第四範式智能技術股份有限公司

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

(Stock Code: 6682)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

The Board hereby announces the unaudited consolidated results of the Group for the six months ended June 30, 2025. These interim results have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” and have been reviewed by the auditor of the Company and the Audit Committee.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		2024		Year-on-year change
	2025	Percentage of	2024	Percentage of	
	Amount	total revenue	Amount	total revenue	
	(RMB'000)		(RMB'000)		
Revenue	2,626,497	100.0	1,866,600	100.0	40.7%
Gross profit	990,407	37.7	789,946	42.3	25.4%
Loss for the period	(73,894)	(2.8)	(168,532)	(9.0)	–56.2%
Loss for the period attributable to the owners of the Company	(66,973)	(2.5)	(151,598)	(8.1)	–55.8%
Non-IFRS measures: Adjusted net loss ^{Note}	(50,620)	(1.9)	(168,532)	(9.0)	–70.0%
Non-IFRS measures: Adjusted net loss attributable to the owners of the Company	(43,699)	(1.7)	(151,598)	(8.1)	–71.2%

Note: Please refer to page 26 of this announcement for details.

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

In the first half of 2025, the Group recorded revenue of RMB2,626 million, representing a year-on-year growth of approximately 40.7%. During the Period, the Group deepened the implementation and application of its “AI agent + World Model” strategy, effectively capturing the AI transformation demands of enterprise clients in high-value scenarios. This drove an approximate 71.9% year-on-year revenue growth in the Group’s core business, the “4ParadigmSage AI Platform”, reaching RMB2,149 million, which accounted for approximately 81.8% of the Group’s total revenue.

Benefiting from the significant revenue growth during the Period and the further realization of operating leverage effects, the Group recorded an adjusted net loss attributable to the shareholders of the Company (a non-IFRS measure) of RMB43.70 million for the Reporting Period, which narrowed by approximately 71.2% from RMB151.6 million for the same period last year.

We firmly believe that through continuous investment in technological innovation, the Company will remain at the forefront of the exploration and commercial implementation of AI technology. Over the past six months, the Company has centered on the core technological path of “AI agent + World Model”, conducting extensive and comprehensive capability iterations for the 4ParadigmSage AI Platform in areas such as agent development toolchains, intelligent agent frameworks, AI application matrix and computing power and model resource scheduling. The goal is to develop this platform into a foundational infrastructure capable of empowering enterprises to fully capitalize on AI, thereby creating a new AI productivity system. During the Period, our R&D expenditure amounted to RMB893 million, representing a year-on-year increase of approximately 5.1%. Meanwhile, the scale effect of R&D investment became fully evident, with the R&D expense ratio at 34.0%, representing a year-on-year decrease of 11.5%.

During the Period, we were excited to observe that the value proposition of “AI agent + World Model” achieved comprehensive adoption among enterprise clients. The number of lighthouse users during the Period reached 90, an increase of four compared to the same period last year, and the average revenue per lighthouse user was RMB17.98 million, representing a year-on-year increase of approximately 56.6%. This growth trajectory in average revenue per user indicates that the 4ParadigmSage AI Platform is rapidly becoming the AI productivity infrastructure for enterprises.

Core Business Progress

“4Paradigm” Spearheading Enterprise-side AI Implementation, Shaping AI-Native Productivity

“AI agent + World Model” has been our key focus since artificial intelligence entered the era of large models. On the one hand, an AI agent is capable of comprehending user instructions and intent, decomposing and prioritizing complex task objectives, and assisting users in task execution, thereby enhancing individual productivity. On the other hand, a vertical world model trained on data from high-value scenarios enables precise understanding of domain-specific knowledge and generates optimal strategies for subsequent actions. The organic integration of these two powerful capabilities, allowing each to play its proper role in the appropriate context, is what we define as true AI implementation. Therefore, we maintain that for AI to generate real value, it is not about deploying a large language model (LLM), but about building systemic comprehension anchored by vertical world models. LLMs alone represent fragmented intelligence, whereas vertical world models, trained on vast amounts of high-value scenario data, embody genuine logical understanding. Without the support of underlying decision-making models, LLMs cannot operate effectively in the real world. The combination of “AI agent + World Model” represents the new quality productive force solution that 4Paradigm offers to a wide range of users in the current era driven by AI-native capabilities.

During the Period, we launched intelligent agent solutions of “AI agent + industry-specific large models” across multiple sectors, driving a leap in productivity for our enterprise users. For example, in the port operations sector, an intelligent agent can inform business personnel about inefficient berth utilization in the previous month due to suboptimal cargo unloading sequences, while also identifying a 20% higher container turnover rate in the southern yard area, provided with real-time optimization suggestions for storage strategies based on cargo status. As an AI-powered daily assistant for real estate agents, the intelligent agent leverages property knowledge databases and regulatory policy models to address brokers’ immediate learning needs across client consultations, contract interpretation and policy compliance. It delivers 24/7 professional Q&A support and scenario-based training. In addition, through customer behavior analysis and recommendation models, it interprets clients’ browsing, inquiries and historical transaction data to understand their housing preferences and demands, intelligently matching property listings and delivering personalized recommendations. In the legal industry, an intelligent agent serves as “contract scanner + risk detector”, completing manual contract reviews, which traditionally take hours, in just minutes. This not only eliminates human oversight, ensuring comprehensive coverage of all critical risk points, but also enforces uniform review standards, avoiding inconsistencies that arise from different reviewers’ interpretations. In the manufacturing sector, an intelligent agent helped an aircraft manufacturing group reduce component lifecycle costs by hundreds of millions of yuan, while a semiconductor and integrated power company increased its production capacity by 13% through intelligent production scheduling and dispatching in semiconductor manufacturing. Our intelligent agents can also help medical institutions achieve a comprehensive intelligent upgrade from diagnosis and treatment to operational management. By understanding the needs of doctors and patients and connecting to a rich array of specialized vertical models in the healthcare industry, they have achieved a 60% increase in medical resource utilization, a 14.5% annual increase in the number of surgical operations and an average time saving of 0.25 hours per surgery, thereby helping medical institutions practically enhance their patient admission capacity and efficiency.

“Phancy” Launches a Series of New Products, Accelerating Brand Ecosystem Expansion and Ushering in a New Paradigm of Consumer Electronics

In March of this year, the Group launched its “Phancy” consumer electronics business, positioned to provide the market with integrated software and hardware solutions based on AI agents. By embedding intelligent agent modules into edge devices, “Phancy” empowers users with AI agent capabilities. Based on an open technology cooperation mindset, we are committed to helping a wide range of brands to easily create AI consumer electronics products, so that consumer electronics can truly become consumer products. In the first quarter following the business launch, “Phancy” joined hands with brands such as Bruce Lee, Lamborghini and Lenovo to launch a variety of smartwatches equipped with “Phancy” AI chipset, and worked with partners upstream and downstream in the industry chain to launch a variety of consumer electronic products and solutions such as smart glasses, smart earphones and smartphone back attachments. These products are now available online and offline across all channels. Through these smart terminal devices, users can activate the intelligent agent via various methods such as voice and button presses, easily accessing a wealth of AI functions like data queries, simultaneous interpretation, meeting transcription, AI-powered photo recognition, high-definition image capture, smart navigation and health advice.

Beyond product launches, the Company is also collaborating with numerous software and hardware partners to build an ecosystem of intelligent connectivity for all things, continuously enhancing the influence of the “Phancy” ecosystem. In May 2025, “Phancy” appeared at the OpenHarmony Developer Conference and entered into a strategic partnership with OpenHarmony. Leveraging the powerful edge-side AI capabilities of OpenHarmony OS and “Phancy”, the collaboration aims to lower the barrier for developers, enrich OpenHarmony’s application ecosystem, and drive the widespread adoption and commercialization of AI technology, creating a smarter connectivity experience for users worldwide. In the same month, “Phancy” has reached strategic cooperation with Bluetrum, Jieli Technology and Beken Corporation, combining ultra-low-power, high-performance AI chips with stable connectivity to provide robust support for edge AI devices, forming a full-stack closed loop from chips to algorithms. All parties will engage in close cooperation on future research and development of product categories such as smart glasses and smart toys.

Continuous Exploration of “AI+X” to Empower Industries with Artificial Intelligence

AI + Energy Storage

As an industry-leading productivity infrastructure, the 4ParadigmSage AI Platform is committed to empowering various sectors to truly shift from “Business + AI” to “AI + Business.” In emerging areas such as Virtual Power Plant, we are committed to aggregating distributed power supplies (e.g., photovoltaic, wind power), controllable loads (e.g., air-conditioning, electric vehicle charging piles), energy storage systems and other resources scattered in the power grid, and carrying out unified coordination, optimization, and control, so that AI can become a pair of “invisible hands” and help Virtual Power Plant participate in the operation of the power market in all aspects, and provide a variety of services for the power grid, such as peak shaving and frequency shifting.

Recently, 4Paradigm has partnered with HyperStrong to establish a joint venture to deploy in the “AI + Energy Storage” field actively. This collaboration aims to deeply integrate AI technology with energy storage system R&D, production, and full lifecycle management technology. Based on 4Paradigm’s many years of business experience in the energy sector and its vast reserve of world models for the energy domain, by utilizing AI to forecast real-time fluctuations in grid supply and demand, combined with the technical characteristics of energy storage systems, the joint venture dynamically optimizes charging and discharging strategies for energy storage facilities. This enhances the efficiency and returns of energy storage participation in the power market transactions. Through continuous AI-driven analysis of operational data, the joint venture enables intelligent maintenance and management of energy storage stations, improving their safety, efficiency and reliability. This is crucial for the stable operation of long-duration energy storage power stations and for addressing the management challenges posed by large-capacity cells and systems, effectively reducing operational costs and extending the service life of the stations.

AI + Stablecoin

Amid the rapid development of global fintech, stablecoins, as a special type of digital currency, are gradually emerging as a key link connecting traditional finance and the digital asset ecosystem. The recent implementation of the Hong Kong Stablecoins Ordinance marks a significant milestone in the compliance journey of stablecoins, reflecting the growing maturity of regulatory frameworks worldwide. This has ushered in a new era of compliant and institutionalized development for stablecoins. The core value of stablecoins lies in their relative value stability, typically pegged to fiat currencies (such as the USD and HKD). This requires issuers to professionally and effectively manage real-world asset reserves. Issuers must not only rationally allocate investment portfolios but also conduct round-the-clock risk monitoring of reserves to maintain currency value stability. Against this backdrop, the industry faces increasing demand for robust asset management solutions, enhanced regulatory transparency and greater investor confidence.

As a leading enterprise in the field of artificial intelligence, 4Paradigm, with its profound AI technological expertise and a decade of practical experience serving top financial institutions across the nation, has keenly identified the development needs of the stablecoin ecosystem and is committed to providing one-stop AI capability for the future secure flow of stablecoins, and to be the core infrastructure of the future stablecoin trading market.

During the Period, 4Paradigm entered into a strategic cooperation agreement with a leading brokerage firm, jointly developing and exploring the “AI + Stablecoin Risk Control & Compliance Solution”. This solution relies on the Company’s distinctive AI anti-money laundering system and transaction anti-fraud solutions. It uses AI algorithms to automatically parse global regulatory documents, dynamically adjust compliance parameters, and generate tailored strategies by leveraging big data to monitor cross-border fund flows and on-chain data. It provides timely warnings for risks such as “stablecoin depegging”. In anti-fraud, it integrates various advanced analytical techniques to precisely identify money laundering rings and dynamically optimizes the anti-money laundering rule base through AI to effectively counter new types of fraud, thereby building a security barrier for the entire lifecycle of stablecoin issuance, circulation and redemption. For underlying asset returns for stablecoins, 4Paradigm has entered into a strategic partnership and established a joint venture with 9M

Technologies Limited (“**9M Technologies**”), a fixed-income FinTech platform, to jointly launch the “Stablecoin Underlying Asset Management Solution”. The solution includes a management platform for stablecoin underlying asset portfolios for the dynamic management of asset pools pegged to USD/RMB/HKD; a stablecoin portfolio risk monitoring engine that connects off-chain asset allocation with on-chain risk dynamics; a one-stop solution integrating compliance, custody and a portfolio engine; and a “Stablecoin Participation Strategy Component” for traditional asset management institutions, ensuring the security and return stability of stablecoin assets from multiple dimensions. In the short term, the two parties will soon launch a “Compliance + Portfolio Management” SaaS solution, enabling institutions to meet regulatory requirements. In the medium term, they will jointly build a rating system and API services to promote industry standardization. In the long term, they will build a national-level technology foundation to support strategic projects such as the digital RMB.

Performance by Business Segments

4ParadigmSage AI Platform (4ParadigmSage)

During the Period, the 4ParadigmSage AI Platform business (the “**4ParadigmSage AI Platform**”) generated revenue of RMB2,149 million, representing a year-on-year increase of 71.9%. Revenue from the 4ParadigmSage AI Platform business accounted for 81.8% of the Group’s total revenue.

We are committed to making our core AI platform products the core productivity infrastructure for the enterprise AI era. This position means that our platform is no longer just a tool, but like water, electricity and network, it is deeply integrated into the bloodstream of enterprise operation and becomes an indispensable underlying driving force for business growth. Our platform is deeply penetrating into various business aspects and high-value scenarios of enterprises, from R&D, manufacturing, and the supply chain to marketing, sales, and customer service, being ubiquitous everywhere. We focus on key areas that have a decisive impact on cost, efficiency and innovation, and through precise AI empowerment, we turn data into insights, insights into action, and ultimately action into tangible business value.

To achieve this goal, we are expanding and deepening the boundaries of our AI capabilities across the board. During the Period, the 4ParadigmSage AI Platform underwent a comprehensive upgrade. From the underlying computing power platform and the AIOS operating system with enterprise-grade features to the top-level SageSuite software suite, it provides a full-spectrum, high-efficiency and cost-effective AI digital transformation infrastructure and an end-to-end toolchain for model and software development, building a new AI productivity system for enterprise clients. 4Paradigm’s deep integration in software-defined computing power signifies a new phase for enterprise AI infrastructure – one defined by hardware-software co-design and scenario-centric optimization. We will further advance the integrated innovation of the 4ParadigmSage AI Platform’s software with industry-specific scenarios and hardware computing power, enabling enterprises to achieve exponential gains in AI value realization.

Computing Power Platform Layer: Refined and Efficient Computing Power Pooling Management and Heterogeneous Computing Power Virtualization Compatibility

During the Period, the Company achieved multiple capability breakthroughs. In terms of underlying computing power management, the Company's proprietary vGPU resource pooling technology has seen continuous innovation. Through dynamic resource partitioning, intelligent task scheduling, and enhanced elastic expansion capabilities, it has achieved over 30% improvement in GPU utilization and a threefold increase in single-machine multi-task processing efficiency. Based on its self-developed large model inference framework SLXLLM and inference accelerator card SLX, and leveraging multi-task sharing and processing optimization technologies, the inference performance has been improved by 5-10 times. In addition, the enterprise-grade AIOS provides support for computing power virtualization technology. The 4ParadigmSage AI Platform currently supports thousand-card level cluster management and seamless expansion of enterprise computing power, as well as compatibility with domestically produced general-purpose GPUs from various brands. These advancements reduce customers' switching costs and selection risks while ensuring computing stability. The Company has established partnerships with leading domestic chip manufacturers. To address the surge in large model traffic load resulting from the deployment of various agent applications by enterprise clients, the 4ParadigmSage AI Platform recently introduced "model autoscaling" technology to cope with traffic fluctuations. Based on the load conditions, the system automatically and flexibly switches models of different parameter sizes in the same series to provide model services, eliminating the need for additional expansion of computing nodes, saving computing costs, enhancing the efficiency of resource utilization and significantly reducing operation and maintenance workloads.

AIOS Operating System Layer: Achieving Technological Leaps and Implementation in Data Value Mining and Software Development Paradigms

Amid the rapid advancement of AI technology, the pace of software application iteration continues to accelerate. Addressing the strong demand from enterprises for AI-native software and the significant technological gap in transforming such software into enterprise-grade productivity tools, 4Paradigm's enterprise-level AIOS provides a foundational platform with enterprise characteristics. It offers a range of functions such as unified access to structured data and unstructured files, data source management, tenant permission management, security auditing and process orchestration and scheduling, thereby laying out enterprise-grade universal capabilities.

Building upon its original robust toolkit for AI model development, 4Paradigm has further launched an end-to-end AI agent development platform. Enterprise customers can now seamlessly integrate 150+ mainstream large models through Model Hub, a built-in large model application platform within the 4ParadigmSage AI Platform. In addition, through the integrated Dev+Serve form, it supports a complete closed loop of models from data management, training optimization and performance evaluation to deployment and launch, and service monitoring. It realizes functions such as building custom evaluation sets based on business scenarios, visualizing model horizontal and vertical evaluation results, and automatic comparison.

Software Application Layer: Providing Enterprises with an Out-of-the-Box AI Agent Application Matrix

At the top software application layer, 4Paradigm provides enterprise clients with an out-of-the-box AI application matrix and customized software to meet both general and personalized needs. Through pre-installed intelligent application suites, we cover core enterprise scenarios, including AIGC, smart office, digital workforce, smart Q&A and AI local search. Against the backdrop of strong demand for enterprise AI transformation, agent implementation and the out-of-the-box application matrix significantly lower the technical barriers for enterprise software development and application, enabling enterprises to achieve a higher return on investment in AI implementation.

During the Period, the Group also released multiple industry-specific agent application solutions, covering business scenarios in banking, real estate brokerage, healthcare, water conservancy, industry, and law. These provide enterprise clients with more industry-specific functional modules, facilitating their AI transformation and upgrading.

Through the development of our ecosystem partner system, leveraging the end-to-end capabilities, industry insights and client resources of our ecosystem partners, we are able to extend our reach into more segments more efficiently, and further promote product boundary expansion and industry resource integration. In the future, the Company will work with more enterprise application partners to create various types of enterprise process and business software driven by AI agents, so as to enhance the business operation efficiency of enterprise clients.

SHIFT Intelligent Solutions (4Paradigm SHIFT)

During the Period, revenue from the SHIFT Intelligent Solutions business reached RMB371 million, accounting for 14.1% of the Group's total revenue. This business is an extension of the "4ParadigmSage AI Platform" business on the solution. Its exploration and development are fundamentally aimed at supporting the growth of the core "4ParadigmSage AI Platform" business. As the standardization of 4ParadigmSage AI Platform's delivery continues to improve, the Company has adjusted the business positioning of its SHIFT solutions. In the future, it will focus more on implementing cutting-edge application scenarios for key industries and strategic clients.

For example, in the construction industry, our intelligent 3D scanning and modeling terminal product provides capabilities including data acquisition, intelligent recognition, automatic modeling and other capabilities, enabling construction enterprises to achieve efficient, convenient and accurate data processing and modeling across various application scenarios. This lays the foundation for construction enterprises' digital management and development. In the manufacturing sector, our AI products integrate industrial AI, optics and large-scale modes to enable rapid, lightweight and flexible deployment, delivering a standardized yet lightweight quality inspection system that ensures high efficiency and strong adaptive capability for manufacturers. In the energy sector, we provide enterprises with comprehensive AI strategy consulting services. We delve into clients' core business scenarios and real business data to help them achieve intelligent transformation and a significant improvement in human efficiency ratio.

4ParadigmSageGPT AIGS Services (4Paradigm AIGS)

During the Period, revenue from the 4ParadigmSageGPT AIGS Services business reached RMB106 million, accounting for approximately 4.1% of the Group's total revenue. This business provides efficient development tools and services for the core "4ParadigmSage AI Platform" business. Revenue from the SageGPT AIGS Services as a standalone offering declined amidst the Company's expansion pace for its core "4ParadigmSage AI Platform" business.

We will continue to iterate and optimize our AIGS CodeX product, a generative AI-based auxiliary programming tool. The product covers the entire enterprise R&D process, providing one-stop services including code autocompletion, comment generation, code error correction, code refactoring and unit test generation. It essentially provides each developer with a business-savvy "senior coding assistant", lowering the programming barrier and boosting R&D efficiency, while establishing a standardized "application production line", and thus comprehensively improves organizational efficiency.

BUSINESS OUTLOOK

Looking ahead, the Group is poised to achieve significant breakthroughs and development in several key areas. On the enterprise services side, we will continue to drive the replication and expansion of AI agent applications, extending successful experiences to more industries and business scenarios. By continuously exploring new industry application cases, we will create AI agent solutions that are more closely aligned with business needs. At the same time, 4Paradigm will adhere to its R&D investment, continuously enhancing the ability of AI Agents to handle deep and complex problems. We will break down barriers between business processes and departments to achieve efficient cross-functional and cross-departmental collaboration. This will elevate operational efficiency and decision-making capabilities, reinforcing our leadership in the enterprise AI market. Additionally, we will empower businesses to train more vertical world models through the 4ParadigmSage AI Platform, unlocking deeper industry data value and increasing AI adoption in high-value scenarios. These efforts will inject robust AI-driven productivity across sectors while expanding the Group's market opportunities and product sales growth.

Starting from the second half of the year, the "Phancy" consumer electronics business will accelerate its pace of innovation and continue to iterate on AI solutions to lower the threshold for consumer electronics products to carry AI capabilities. At the same time, the "Phancy" will also actively pursue partnerships, so that more internationally renowned consumer brands will become the target of our empowerment, and join hands with the leading chip and module manufacturers in the industry chain to build a richer ecosystem of consumer electronic products based on the "Phancy" AI smart module. By sharing technology, resources and channels, we will continuously expand the reach of AI capabilities for "Phancy", allowing more consumers to experience the convenience and intelligence brought by AI-empowered consumer electronics, and shaping a leading brand image in the consumer electronics AI field.

In terms of exploring emerging markets, 4Paradigm has already made solid strides in areas such as AI + Stablecoin and AI + Energy Storage. At the same time, we are committed to combining AI technology with wider social needs and industrial upgrading, and have launched initial exploration and attempts in areas such as "AI + Utilities", "AI + Environmental Protection", and "AI + Embodied Intelligence". In the future, we will continue to keenly capture cutting-edge trends, explore more "AI+" possibilities, and uncover new commercial value and application scenarios. This will open up new business models and growth curves for the Company, leading the trend of AI transformation.

Corporate Social Responsibility

The Board places great importance on corporate sustainable development capabilities. It firmly believes that a robust ESG management system serves as the internal foundation for effectively fulfilling environmental and social responsibilities. The Group has integrated sustainable development principles into its corporate strategy. It regularly reviews ESG progress and assesses its effectiveness to strengthen risk management in response to evolving business demands driven by climate change, technological advancements, and rising operational costs. The Group also continuously enhances its employees' awareness of the importance of practicing ESG in strategy and operations through various means. To manage our performance and identify potential risks in ESG, and to assist the Board with its ESG-related work, we have established an Environmental, Social, and Governance Working Group (the “**ESG Working Group**”).

While ensuring its own development, 4Paradigm actively undertakes social responsibilities through practical actions, investing significant funds, manpower and materials in areas such as rural revitalization, cultural education and environmental protection to serve society and public welfare. Focusing on its core business, the Company will support community development, solve social problems and protect endangered animals with its technological expertise, giving back to society with tangible actions.

During the summer flood season, 4Paradigm collaborated with water conservancy agencies to develop a “Smart Flood Control Large Model”. By using AI to predict the evolution paths of flood disasters, it enables precise dispatching of flood control resources. This project not only promotes the digital upgrading of public safety governance but also ensures regional socio-economic stability and ecological security, highlighting the inclusive value of technology. As part of its commitment to AI corporate social responsibility, 4Paradigm continues to explore ESG-driven opportunities, integrating sustainability considerations into its R&D and technology deployment.

Recently, extreme severe convective weather in parts of Beijing caused heavy rainfall, triggering floods and landslides that affected multiple villages. In response, the Group promptly donated RMB2 million to the disaster-stricken areas. The funds are designated to support urgent needs such as emergency rescue, provision of living supplies for the affected residents, and post-disaster infrastructure restoration, helping the impacted communities overcome the difficulties and rebuild their homes.

4Paradigm also received the “ESG Sustainable Development Excellence Enterprise Award” at the 2025 Jinge Award for its innovative AI applications in ecological protection and disaster prevention. The award aims to recognize benchmark enterprises that lead sustainable industry development and contribute to the “dual carbon” goals through the deep integration of environmental responsibility, social governance and corporate governance. In the future, the Company will continue to explore the infinite possibilities of AI for the benefit of society in more fields, using AI to solve social critical challenges to truly achieve “AI for everyone”.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

		Six months ended June 30,	
		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	2,626,497	1,866,600
Cost of sales	6	(1,636,090)	(1,076,654)
Gross profit		990,407	789,946
Selling and marketing expenses	6	(189,054)	(135,355)
Administrative expenses	6	(86,437)	(100,334)
Research and development expenses	6	(893,431)	(850,045)
Reversals of/(provision for) credit loss allowance, net	6	14,383	(24,472)
Other income	5	41,633	76,976
Other gains, net		37,617	54,164
Operating loss		(84,882)	(189,120)
Share of results of investments accounted for using the equity method		(19,673)	1,624
Finance income		30,625	28,595
Finance costs		(1,419)	(4,712)
Loss before income tax		(75,349)	(163,613)
Income tax credit/(expenses)	7	1,455	(4,919)
Loss for the period		(73,894)	(168,532)
Other comprehensive loss:			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		(12,458)	1,330
<i>Item that will not be reclassified to profit or loss</i>			
Share of other comprehensive loss of investments accounted for using the equity method		–	(6,306)
Other comprehensive loss for the period, net of tax		(12,458)	(4,976)
Total comprehensive loss for the period		(86,352)	(173,508)

		Six months ended June 30,	
		2025	2024
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Loss attributable to:			
Owners of the Company		(66,973)	(151,598)
Non-controlling interests		(6,921)	(16,934)
		<u>(73,894)</u>	<u>(168,532)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(79,431)	(156,574)
Non-controlling interests		(6,921)	(16,934)
		<u>(86,352)</u>	<u>(173,508)</u>
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
	8		
Basic		(0.14)	(0.33)
Diluted		(0.14)	(0.33)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2025

		As at June 30, 2025	As at December 31, 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Right-of-use assets		19,326	24,299
Property and equipment		42,917	34,685
Intangible assets		486	189,747
Investments accounted for using the equity method		711,000	554,509
Financial assets at fair value through profit or loss	9	382,975	459,968
Contract assets		219	1,236
Term bank deposits		531,911	405,009
Other non-current assets		177,588	227,927
		<hr/> 1,866,422	<hr/> 1,897,380
Current assets			
Inventories		380,384	171,617
Contract assets		1,664	1,026
Trade receivables	10	1,966,745	3,085,640
Prepayments and other receivables		811,195	535,966
Financial assets at fair value through profit or loss	9	566,379	475,234
Term bank deposits		141,497	559,653
Restricted cash		476	2,511
Cash and cash equivalents		2,024,516	858,618
		<hr/> 5,892,856	<hr/> 5,690,265
Total assets		<hr/> 7,759,278	<hr/> 7,587,645

		As at June 30, 2025 <i>RMB'000</i> (Unaudited)	As at December 31, 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		493,779	465,859
Treasury stock		(28,947)	(18,107)
Shares held for share award schemes		(678)	–
Reserves		11,237,905	9,969,530
Accumulated losses		(5,422,136)	(5,355,163)
		6,279,923	5,062,119
Non-controlling interests		(17,262)	8,769
Total equity		6,262,661	5,070,888
Liabilities			
Non-current liabilities			
Lease liabilities		7,109	11,470
Deferred income tax liabilities		6,873	7,782
		13,982	19,252
Current liabilities			
Trade payables	11	1,244,015	2,183,263
Other payables and accruals		39,427	94,789
Contract liabilities		125,223	173,055
Lease liabilities		9,569	11,009
Income tax liabilities		–	1,336
Borrowings	12	1,883	5,883
Other liabilities		62,518	28,170
		1,482,635	2,497,505
Total liabilities		1,496,617	2,516,757
Total equity and liabilities		7,759,278	7,587,645

NOTES

1 GENERAL INFORMATION

Beijing Fourth Paradigm Technology Co., Ltd. (the “**Company**”) 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, the 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 (“**4ParadigmSage AI Platform**”), other ready-to-use applications and related equipment 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 this condensed consolidated financial statements.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting issued by the International Accounting Standards Board (“**IASB**”). These condensed consolidated financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, it should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2024 (the “**2024 Financial Statements**”) as set out in the 2024 annual report of the Company dated March 31, 2025, which have been prepared in accordance with IFRS Accounting Standards.

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computations used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the 2024 Financial Statements, except for the adoption of amended IFRS Accounting Standards as set out below.

Application of amendments to IFRS Accounting Standards

The following amendments to standards are mandatory for the first time for the Group’s financial year beginning on January 1, 2025:

Amendments to IAS 21	Lack of exchangeability
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The adoption of these amended IFRS Accounting standards does not have significant impact on the Group’s results for the Interim Report Period and the Group’s financial position as of June 30, 2025.

4 SEGMENT INFORMATION AND REVENUE

The Group's business activities are sales of 4ParadigmSage AI Platform, other ready-to-use applications and related equipment 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 ("CODM") has been identified as the Chief Executive Officer, who reviews consolidated results when making 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.

The Group's revenues derived from the transfer of goods and services at a point in time and over time are analysed as follows:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Point in time	2,621,780	1,841,888
Over time	4,717	24,712
	<u>2,626,497</u>	<u>1,866,600</u>

5 OTHER INCOME

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (<i>Note</i>)	2,105	2,339
Value-added tax and other tax refunds	39,488	74,516
Others	40	121
	<u>41,633</u>	<u>76,976</u>

Note: Government grants primarily relate to grants in connection with the Group's contributions to technology development and investments in local business districts. Those grants are not stipulated with any unfulfilled conditions or contingencies.

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	132,976	254,007
Share-based compensation expenses	23,274	–
Cloud, technology and other technical service fees	1,085,791	1,065,572
Cost of finished goods sold	1,361,677	694,740
Advertising and marketing expenses	155,143	59,839
Depreciation and amortisation		
– Property and equipment	6,370	9,489
– Right-of-use assets	5,073	13,944
– Intangible assets	4,182	11,341
Other professional fees	13,030	13,903
Business travel expenses	4,212	9,340
Reversals of/(provision for) credit loss allowance, net (<i>Note</i>)	(14,383)	24,472
Impairment provision for inventories	309	3,218
Others	12,975	26,995
	<u>2,790,629</u>	<u>2,186,860</u>

Note: Mainly include the reversals of/(provision for) credit loss allowance on contract assets, trade receivables and other receivables.

7 INCOME TAX CREDIT/(EXPENSES)

The income tax credit/(expenses) of the Group for the six months ended June 30, 2025 and 2024 are analysed as follows:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	–	(6,176)
Deferred income tax	1,455	1,257
Income tax credit/(expenses)	<u>1,455</u>	<u>(4,919)</u>

Income tax credit/(expenses) is recognized based on management's best knowledge of the income tax rates that would be applicable to the full financial year.

Note:

(a) Enterprise income tax in mainland China ("EIT")

The income tax provision of the Group in respect of its operations in the PRC 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.

A subsidiary of the Company in the PRC was approved as High and New Technology Enterprise in December 2016 and renewed the qualification in December 2019 and November 2022, hence it enjoys a preferential income tax rate of 15% from December 2016 to November 2025. The subsidiary is in the progress of renewing the High and New Technology Enterprise qualification in 2025.

(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 Hong Kong Dollar (“HKD”) 2 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 periods 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 periods presented.

(d) Super deduction for research and development expenses

As announced by the State Taxation Administration of the People’s Republic of China in March 2023, all enterprises engaging in R&D activities would entitle to claim 200% of their research and development expenses as 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.

8 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 periods. In determining the weighted average number of ordinary shares in issue, treasury stock and shares held for share award schemes are excluded from the calculation.

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. There were no potential ordinary shares issued during the six months ended June 30, 2025 and 2024. Hence, diluted loss per share for the both periods are the same as basic loss per share for the respective periods.

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB’000)	(66,973)	(151,598)
Weighted average number of ordinary shares in issue excluding treasury stock and shares held for share award schemes (thousand shares)	486,584	465,817
Basic and diluted loss per share for loss attributable to owners of the Company (expressed in RMB per share)	(0.14)	(0.33)

9 INVESTMENTS

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Non-current assets		
Long-term investments measured at fair value through profit or loss		
– Unlisted equity securities	113,529	113,695
– Preferred shares investments	–	3,634
– Fund investments	269,446	342,639
	<u>382,975</u>	<u>459,968</u>
Current assets		
Short-term investments measured at fair value through profit or loss		
– Listed equity securities	10,174	–
– Wealth management products	30,029	–
– Fund investments	526,176	475,234
	<u>566,379</u>	<u>475,234</u>

10 TRADE RECEIVABLES

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000 (Audited)
Third parties	2,232,699	3,366,568
Less: credit loss allowance	(265,954)	(280,928)
	<u>1,966,745</u>	<u>3,085,640</u>

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:

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	(280,928)	(116,729)
Reversals of/(provision for) credit loss allowance, net	14,372	(34,046)
Partial disposal of a subsidiary with loss of control	602	19,914
At the end of the period	<u>(265,954)</u>	<u>(130,861)</u>

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 June 30, 2025 <i>RMB'000</i> (Unaudited)	As at December 31, 2024 <i>RMB'000</i> (Audited)
Trade receivables		
Up to 3 months	507,760	1,708,710
3 to 6 months	559,779	875,386
6 months to 1 year	552,239	346,588
Over 1 year	612,921	435,884
	<u>2,232,699</u>	<u>3,366,568</u>

11 TRADE PAYABLES

Trade payables primarily include payables for inventories and outsourcing service fees. As at June 30, 2025 and December 31, 2024, 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 June 30, 2025 <i>RMB'000</i> (Unaudited)	As at December 31, 2024 <i>RMB'000</i> (Audited)
Up to 3 months	339,326	1,463,293
3 to 6 months	562,417	328,772
Over 6 months	342,272	391,198
	<u>1,244,015</u>	<u>2,183,263</u>

12 BORROWINGS

	As at June 30, 2025 <i>RMB'000</i> (Unaudited)	As at December 31, 2024 <i>RMB'000</i> (Audited)
Included in current liabilities		
Guaranteed borrowings	–	4,000
Unsecured borrowings	1,883	1,883
	<u>1,883</u>	<u>5,883</u>

13 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2025 and 2024.

14 SUBSEQUENT EVENTS

On July 17, 2025 (before trading hours of the Stock Exchange), the Company entered into the subscription agreement (the “**Subscription Agreement**”) with Infini Global Master Fund (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for (the “**Subscription**”), and the Company has conditionally agreed to allot and issue, a total of 25,900,000 new H Shares (the “**Subscription Shares**”) at the subscription price of HK\$50.50 per Subscription Share for an aggregate consideration of approximately HK\$1,307,950,000. On July 17, 2025 (before trading hours of the Stock Exchange), the Company entered into the placing agreement with the placing agent in respect of the Subscription, pursuant to which the placing agent has agreed to, among other things, assist in completing the transactions contemplated under the Subscription Agreement. The net proceeds from the Subscription will be approximately HK\$1,306.18 million. The Subscription has been completed on August 14, 2025. For details, please refer to the announcements of the Company dated July 17, 2025 and August 14, 2025.

On July 27, 2025, the Company, through Fourth Paradigm International Limited (“**4Paradigm International**”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with 9M Technologies Limited (“**9M Technologies**”), in relation to, among other things, the formation of an entity, Para-tech Limited (the “**Entity**”). The Entity will be principally engaged in financial technology services. Upon its formation, the Entity will be owned by 51% and 49% by 4Paradigm International and 9M Technologies, respectively.

On August 4, 2025, the Company entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Beijing HyperStrong Technology Co., Ltd. (“**HyperStrong**”), in relation to, among other things, the formation of a joint venture (the “**Joint Venture**”). The proposed name of the Joint Venture is Energy Crystal (Beijing) Technology Co., Ltd. (a tentative name subject to the final approval by the Market Supervision Administration). The Joint Venture will principally engage in artificial intelligence (AI) technology services for electricity trading. Upon its formation, the Joint Venture will be owned as to 19% by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

As a leading AI company, 4Paradigm focuses on developing and formulating innovative AI solutions to solve complex industry problems, drive efficiency and technology advancement, and empower customers to create greater business value. In the first half of 2025, despite the uncertainties in the global economy, our industry position and brand influence in the AI field continued to grow and our business scale maintained steady expansion. Our total revenue increased by 40.7% year-on-year to RMB2,626.5 million as compared with the first half of 2024.

While achieving stable growth in revenue, we focused on cost control and resource optimization, striving to promote the continuous improvement of the Group's operational efficiency. In first half of 2025, our loss for the period continued to narrow year-on-year, that decreased by 56.2% or to RMB73.9 million as compared with the first half of 2024. Adjusted loss for the period excluding non-operating factors also maintained a narrowing trend, with adjusted loss for the period decreasing by 70.0% year-on-year to RMB50.6 million as compared with the first half of 2024, and therefore, we are confident to the Group's profitability.

Revenue

In the first half of 2025, our core business, the 4ParadigmSage AI Platform, continued to maintain a strong and rapid growth. It realized revenue of RMB2,149.2 million, accounting for 81.8% of the Group's total revenue and representing a year-on-year growth of 71.9%, and was the core driver of the Group's stable revenue growth. Our SHIFT Intelligent Solutions and SageGPT AIGS Services each serves as an organic extension of 4ParadigmSage AI Platform. In the first half of 2025, SHIFT Intelligent Solutions realized revenue of RMB370.9 million, representing a decrease of 18.1% year-on-year; and SageGPT AIGS Services realized revenue of RMB106.3 million, representing a decrease of 34.8% year-on-year. SHIFT Intelligent Solutions and SageGPT AIGS Services play an important role in complementing and supporting the 4ParadigmSage AI Platform's accumulation of experience in application scenarios and promotion of iterative upgrades, which contributes sustained momentum for the long-term growth of our core business, the 4ParadigmSage AI Platform. The following table sets forth a breakdown of our revenue by business for the periods indicated.

	Six months ended June 30,		Change
	2025	2024	
	RMB'Million	RMB'Million	
	(Unaudited)	(Unaudited)	
4ParadigmSage AI Platform	2,149.2	1,250.5	71.9%
SHIFT Intelligent Solutions	370.9	452.9	-18.1%
SageGPT AIGS Services	106.3	163.1	-34.8%
Total	2,626.5	1,866.6	40.7%

4ParadigmSage AI Platform

During the Reporting Period, our revenue from the 4ParadigmSage AI Platform amounted to RMB2,149.2 million (same period in 2024: RMB1,250.5 million), representing a year-on-year increase of 71.9%. Revenue from the 4ParadigmSage AI Platform as a percentage of total revenue increased from 67.0% in the first half of 2024 to 81.8% in the first half of 2025, primarily due to our continued iterative upgrades to the 4ParadigmSage AI Platform, the integration of stronger AI capabilities, and the wider recognition of our superior product performance by users, thereby driving revenue growth.

SHIFT Intelligent Solutions

During the Reporting Period, our revenue from SHIFT Intelligent Solutions amounted to RMB370.9 million (same period in 2024: RMB452.9 million), representing a year-on-year decrease of 18.1%, mainly due to the fact that SHIFT Intelligent Solutions served as a supplement to the 4ParadigmSage AI Platform, and with the continuous iteration and enhancement of the capabilities of the 4ParadigmSage AI Platform, user demand for the digital transformation in the context of our traditionally dominant application scenarios was realized via the 4ParadigmSage AI Platform. In the future, as we continue to penetrate into more new industry application scenarios, user demand for SHIFT Intelligent Solutions will be further unlocked.

SageGPT AIGS Services

During the Reporting Period, revenue from SageGPT AIGS Services amounted to RMB106.3 million (same period in 2024: RMB163.1 million), representing a year-on-year decrease of 34.8%, mainly due to our strategic expansion pace for the core “4ParadigmSage AI Platform” business.

Cost of Sales

Our cost of sales consists primarily of (1) cost of finished goods sold, primarily representing procurement cost of hardware components from third-party vendors, (2) technology service fees, primarily representing technology implementation costs paid to third-party service providers for delivery, deployment and installation of customized AI applications that we develop at users' request, (3) employee benefit expenses, representing wages and benefits of our implementation and maintenance personnel for our enterprise AI solutions, and (4) others.

During the Reporting Period, our cost of sales amounted to RMB1,636.1 million (same period in 2024: RMB1,076.7 million), representing a year-on-year increase of 52.0%. Our operating costs increased in line with the growth in our total revenue, mainly driven by our hardware procurement costs.

Gross Profit and Gross Profit Margin

In the first half of 2025, in alignment with the growth in our total revenue, gross profit increased to RMB990.4 million from RMB789.9 million in the same period of last year, representing a year-on-year increase of 25.4%. Our gross profit margin decreased to 37.7% from 42.3% in the same period of last year, mainly due to the increase in the percentage of hardware-related costs in revenue in the first half of 2025, driven by customer demand.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses amounted to RMB189.1 million (same period in 2024: RMB135.4 million), representing a year-on-year increase of 39.7%, mainly due to the fact that we continued to optimize the Company's branding strategy by appropriately expanding our investment in advertisements.

Administrative Expenses

During the Reporting Period, our administrative expenses amounted to RMB86.4 million (same period in 2024: RMB100.3 million), representing a year-on-year decrease of 13.9%, which was mainly due to the decrease of employee benefit expenses and rental expenses.

Research and Development Expenses

As always, we have continued to invest in our core technology R&D to maintain our leading position in the industry and our technological advancement. In the first half of 2025, our R&D focused on key and cutting-edge technology areas such as enhancement of industry scenario application capability, product performance, AI generative software development technology and open source machine learning. Our R&D expenses amounted to RMB893.4 million (same period in 2024: RMB850.0 million), representing a year-on-year increase of 5.1%, as a result of more expenses on cloud service and other technical service.

Reversals of/(Provision for) Credit Loss Allowance, Net

Our reversals of/(provision for) credit loss allowance, net mainly includes the credit loss allowance on trade receivables, contract assets and other receivables.

During the Reporting Period, our reversal of credit loss allowance amounted to RMB14.4 million, while the provision for credit loss allowance recognised for the same period of last year was RMB24.5 million, which was due to the decrease of trade receivable balance and the enhancement of our collection management. In accordance with our accounting policy and relevant internal management system, we have made prudent provision for bad debts and will continue to closely monitor the recovery of receivables.

Other Income

Our other income consists primarily of (1) government grants; and (2) value-added tax and other tax refunds.

During the Reporting Period, our other income amounted to RMB41.6 million, compared to RMB77.0 million for the same period of last year. The decrease was mainly due to the decrease in value-added tax refunds received.

Other Gains, Net

Our other gains, net consists primarily of (1) fair value changes on financial assets at fair value through profit or loss, (2) net foreign exchange gains, (3) net gain on partial disposal of an investment accounted for using the equity method, and (4) net gain on partial disposal of a subsidiary with loss of control.

During the Reporting Period, our other gains, net amounted to RMB37.6 million, representing a year-on-year decrease of 30.6%, mainly due to the investment gain on the partial disposal of equity interest in Zhongneng Shibe Technology in the first half of last year.

Operating Loss

As a result of the foregoing, during the Reporting Period, our operating loss amounted to RMB84.9 million (same period in 2024: RMB189.1 million), representing a year-on-year decrease of 55.1%.

Finance Income

During the Reporting Period, our finance income amounted to RMB30.6 million as compared to RMB28.6 million for the same period of last year, representing a year-on-year increase of 7.0%, mainly due to the increase in interest income received on bank deposits.

Finance Costs

During the Reporting Period, our finance costs amounted to RMB1.4 million as compared to RMB4.7 million for the same period of last year. The year-on-year decrease of 70.2% was mainly due to the decrease of interest expense on payable for acquisition of subsidiaries recognized in the first half of last year.

Loss for the Period

As a result of the foregoing, during the Reporting Period, our loss for the period amounted to RMB73.9 million (same period in 2024: RMB168.5 million), representing a year-on-year decrease of 56.2%.

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted net loss (a non-IFRS measure) as additional financial measure, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted net loss (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS.

Adjusted Loss for the Period

We define adjusted loss for the period as loss for the period adding back interest expense on share-based compensation expenses.

The following table reconciles our non-IFRS financial measures in each year presented to the financial measures prepared in accordance with IFRS.

	Six months ended June 30,		
	2025	2024	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	Change
Loss for the period	(73,894)	(168,532)	–56.2%
Share-based compensation expenses	<u>23,274</u>	<u>–</u>	100.0%
Adjusted net loss	<u>(50,620)</u>	<u>(168,532)</u>	–70.0%
Loss for the period attributable to the owners of the Company	(66,973)	(151,598)	–55.8%
Share-based compensation expenses	<u>23,274</u>	<u>–</u>	100.0%
Adjusted net loss attributable to the owners of the Company	<u>(43,699)</u>	<u>(151,598)</u>	–71.2%

We have historically funded our cash requirements principally from capital contributions from shareholders. After the Global Offering, we intend to finance our future capital requirements through equity financing activities and debt financing activities in a balanced manner. We do not anticipate any changes to the availability of financing to fund our operation in the future.

As at June 30, 2025, all the Group's borrowings were denominated in RMB. The Group's borrowings bear fixed interest rate at 4%, all of which are due for maturity within one year.

Cash and Bank Balances

As at June 30, 2025, cash and cash equivalents, term bank deposits and restricted cash of the Group totalled approximately RMB2,698.4 million (December 31, 2024: RMB1,825.8 million). Most of the cash and cash equivalents of the Group were denominated in United States Dollar and RMB. The term bank deposits and restricted cash of the Group were denominated in RMB.

Liquid Cash Resources

The Group's liquid cash resources comprise 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 at June 30, 2025, the Group had liquid cash resources of approximately RMB3,264.8 million (December 31, 2024: RMB2,301.0 million).

Net Current Assets

Our net current assets increased from RMB3,192.8 million as at December 31, 2024 to RMB4,410.2 million as at June 30, 2025, mainly due to the decrease of current liabilities.

Current Ratio

As at June 30, 2025, our current ratio (current assets divided by current liabilities) was approximately 4.0, up from 2.3 as at December 31, 2024, reflecting our strong ability to withstand financial risks.

Capital Management and Gearing Ratio

As at June 30, 2025, our gearing ratio (total borrowings divided by total equity attributable to equity holders of the Company) was approximately 0.03% (December 31, 2024: 0.1%). We have a relatively healthy capital structure. After taking into account the Group's future business plans and the macroeconomic environment, we may seek debt or equity financing as necessary to continuously optimize our capital structure.

Capital Commitments

As at June 30, 2025, we had capital commitments with respect to equity investments amounting to RMB50.0 million (December 31, 2024: RMB4.0 million).

Contingent Liabilities

As at June 30, 2025, we did not have any material contingent liabilities.

Pledge of Assets

As at June 30, 2025, save for restricted cash of RMB0.5 million 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 RMB. The majority of the revenues of the Group are derived from operations in the PRC. Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency other than the functional currency of entities comprising the Group. Fluctuations in exchange rates between RMB and other currencies will affect the Group's financial position and results of operations in the course of business. The foreign exchange risk facing the Group mainly comes from the US dollars/RMB and Hong Kong dollars/RMB exchange rates. As at June 30, 2025, the Group did not hold any financial instruments for hedging purposes; neither did it hold any foreign currency investment hedged by currency borrowings nor other hedging instruments.

CREDIT RISK

We are exposed to credit risk in relation 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 each class of the above financial assets and contract assets represent our 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, we only transact with state-owned or reputable 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, we have 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. We usually grant a credit term of no more than 90 days and the credit quality of these customers is 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 due from them is low.

FUND AND WORKING CAPITAL MANAGEMENT

Our funds and liquidity management are centrally carried out by our finance department. Our finance department is generally responsible for overall management and implementation of funds, including formulating the capital management policy for our Group, guiding, coordinating and standardizing the fund management of regional companies, making annual funding plans, reviewing and summarizing annual capital budget, overseeing and assessing fund management of each regional company. We have also adopted sophisticated fund management policies and implemented a set of rules and guidelines on fund management to enhance the effectiveness and efficiency of fund management, thereby ensuring our financial security and reducing cost of capital.

To manage our idle cash on hand, we primarily purchase and redeem wealth management products using them as our “cash pool” from which we could readily access cash as needed and generate higher yield than bank deposits. The underlying financial assets of the wealth management products in which we invested primarily consist of the low-risk wealth management products issued by state-owned banks or other high-quality reputable banks in China. The amount of the purchase will be determined based on our surplus funds. We consistently comply with our treasury policy during the procedures of purchasing the wealth management products and managing the relevant departments, as well as in conducting business, accounting and filing.

We are committed to safeguarding overall financial security and maintaining strong cash position and a healthy debt profile with strong repayment ability. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, we have established prudent fund management principle, which allows us to efficiently manage market risks.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, we did not make any material acquisitions and disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed herein and in the Prospectus, as at the date of this announcement, we did not have plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2025, we had 924 employees in total. Our success depends on our ability to attract, retain and motivate qualified personnel. During the Reporting Period, the total staff costs of the Group amounted to approximately RMB156.3 million, including wages, salaries, bonuses, share-based compensation expenses, pension costs, other social security costs, housing benefits and other employee benefits. We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

To maintain the quality, knowledge and skill levels of our workforce, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. We also provide trainings programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

On September 19, 2024, the Company adopted an equity incentive plan (“**Equity Incentive Scheme**”). The Equity Incentive Scheme includes the Company’s H-Share RSU scheme and the Company’s partnership employee stock ownership plan. Additionally, on September 19, 2024, the Company adopted a share option plan. We have and may grant options or share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

On February 7, 2025 (before trading hours of the Stock Exchange), the Company entered into a placing agreement with China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited (the “**Placing Agents**”), pursuant to which the Placing Agents have conditionally and severally agreed, as the Company’s Placing Agents, to procure, on a best effort basis, not less than six placees to subscribe for up to 27,920,000 placing shares at the placing price of HK\$50.20 per placing share (the “**February Placing**”). The net proceeds from the February Placing were approximately HK\$1,394 million. The completion of the February Placing took place on February 13, 2025. For details of the Placing, please refer to the announcements of the Company dated February 7, 2025 and February 13, 2025.

SUBSEQUENT EVENTS

Saved as disclosed herein, the Group had no significant events after the Reporting Period and up to the date of the approval of the unaudited interim condensed consolidated financial information.

On July 17, 2025 (before trading hours of the Stock Exchange), the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Infini Global Master Fund (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for (the “**Subscription**”), and the Company has conditionally agreed to allot and issue, a total of 25,900,000 new H Shares (the “**Subscription Share(s)**”) at the subscription price of HK\$50.50 per Subscription Share for an aggregate consideration of approximately HK\$1,307,950,000. On July 17, 2025 (before trading hours of the Stock Exchange), the Company entered into a placing agreement with Guotai Junan Securities (Hong Kong) Limited (the “**Guotai Junan**”) in respect of the Subscription, pursuant to which Guotai Junan has agreed to, among other things, assist in completing the transactions contemplated under the Subscription Agreement. The net proceeds from the Subscription were approximately HK\$1,306.18 million. The Subscription has been completed on August 14, 2025. For details, please refer to the announcements of the Company dated July 17, 2025 and August 14, 2025.

On July 27, 2025, the Company, through Fourth Paradigm International Limited (“**4Paradigm International**”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with 9M Technologies, in relation to, among other things, the formation of an entity, Para-tech Limited (the “**Entity**”). The Entity will be principally engaged in financial technology services. Upon its formation, the Entity will be owned as to 51% and 49% by 4Paradigm International and 9M Technologies, respectively. For details, please refer to the announcement of the Company dated July 28, 2025.

On August 4, 2025, the Company entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Beijing HyperStrong Technology Co., Ltd. (“**HyperStrong**”), in relation to, among other things, the formation of a joint venture (the “**Joint Venture**”). The proposed name of the Joint Venture is Energy Crystal (Beijing) Technology Co., Ltd. (a tentative name subject to the final approval by the Market Supervision Administration). The Joint Venture will principally engage in artificial intelligence (AI) technology services for electricity trading. Upon its formation, the Joint Venture will be owned as to 19% by the Company. For details, please refer to the announcement of the Company dated August 4, 2025.

OTHER INFORMATION

CORPORATE GOVERNANCE

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 the 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 under Part II 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.

During the Reporting Period, the Company has complied with all code provisions set out in the CG Code save as the code provision C.2.1 of the CG Code as 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. 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. The 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.

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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by Directors. 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 throughout 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. During the Reporting Period and up to the date of this announcement, no incidents of non-compliance with the Model Code by employees have come to the attention of the Company.

INTERIM DIVIDEND

The Board does not recommend the declaration of an interim dividend for the six months ended June 30, 2025 to the Shareholders.

Audit Committee

The Board has established the Audit Committee which comprises 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 also 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 unaudited interim financial information of the Group for the six months ended June 30, 2025 has been reviewed by the Audit Committee. The Audit Committee has also considered and reviewed the accounting principles and practices adopted by the Group and discussed with the management and the Company’s external auditors, among other things, the Group’s risk management, internal controls and financial reporting.

REVIEW OF INTERIM FINANCIAL INFORMATION

The independent auditor of the Company, namely Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited), has carried out a review of the interim financial information for the six months ended June 30, 2025 in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The comparative condensed consolidated statement of comprehensive income for the six-month period ended June 30, 2024 and relevant notes to the condensed consolidated financial statements were extracted from the interim financial information of the Group for the six-month period ended June 30, 2024 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on August 15, 2024. The comparative condensed consolidated statement of financial position as at December 31, 2024 were extracted from the consolidated financial statements of the Group for the year ended December 31, 2024 audited by the same auditor who expressed an unmodified opinion on those statements on March 31, 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 308,900 H Shares (the “Repurchased Shares”) on the Stock Exchange for a total consideration (before expenses) of HK\$11,711,150. Details of the Repurchased Shares are set out below:

Month	Number of Repurchased Shares	Price paid per Share		Total consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
April 2025	<u>308,900</u>	40.20	35.95	<u>11,711,150</u>
Total	<u>308,900</u>			<u>11,711,150</u>

During the Reporting Period, the trustee of the Equity Incentive Scheme purchased a total of 188,200 H Shares on the Stock Exchange for a total consideration (before expenses) of HK\$8,245,730 in accordance with the rules of the Equity Incentive Scheme and the terms of the trust deed.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including transfer of treasury shares) during the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.4paradigm.com). The interim report of the Company for the Reporting Period, which sets out all the information required under the Listing Rules, will be published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules in due course.

ACKNOWLEDGEMENT

The Board would like to express its sincere gratitude to the Shareholders, the Group’s management team, employees, business partners and customers for their support and contribution to the Group.

DEFINITIONS

In this announcement, 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
“Board” or “Board of Directors”	the board of Directors
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement and for geographical reference only, excluding Hong Kong and Macao Special Administrative Regions and Taiwan
“Company”, “the Company”, “our Company” or “4Paradigm”	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
“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 subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“HKD” or “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

“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 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
“Prospectus”	the prospectus dated September 18, 2023 issued by the Company in connection with Hong Kong public offering under the Global Offering
“Reporting Period” or “Period”	for the six months ended June 30, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of Shares
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“USD”	United States dollar, the lawful currency of the United States of America
“%”	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 announcement in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Any difference between the arithmetical sum of individual figures and the aggregated figures in the tables in the announcement are due to rounding.

GLOSSARY OF TECHNICAL TERMS

“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
“CAGR”	compound annual growth rate
“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

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, August 21, 2025

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; the independent non-executive Directors are Mr. Li Jianbin, Mr. Liu Chijin, Ms. Ke Yele and Mr. Liu Zhuzhan; and the employee representative Director is Mr. Chai Yifei.