4Paradigm
第四范式

2023
Environmental, Social
and Governance Report

**BEIJING FOURTH PARADIGM
TECHNOLOGY CO., LTD.**

Stock code: 6682

CONTENT

| ABOUT THIS REPORT

This is the first Environmental, Social and Governance (ESG) Report disclosed by Beijing Fourth Paradigm Technology Co., Ltd.. This Report elaborates the Company's ESG performance in 2023 and envisions the Company's goals for future ESG development.

The Company and all members of its Board of Directors warrant that the content of this Report is true, accurate and complete, without false records, misleading representations or major omissions.

NOTES ON APPELLATIONS

For the convenience of expression and reading, unless otherwise specified, any reference to "4Paradigm", "Company" and "we" herein means Beijing Fourth Paradigm Technology Co., Ltd.

REPORTING SCOPE AND BOUNDARY

Reporting scope: Considering that the report is related to business operations and the Company's business operations are concentrated domestically, the Report covers 4Paradigm and its domestic subsidiaries with actual business operations.

The reporting period shall be from January 1, 2023 to December 31, 2023. To make the Report more comparable and prospective, some content may be appropriately extended to previous and subsequent years.

NOTES ON DATA

All data covered and cases quoted by the Report are from formal documents, statistical reports, public materials, internal reports and documents of 4Paradigm and its subsidiaries. Unless otherwise specified, all amounts mentioned hereunder shall be denominated in RMB for basic measurement.

REFERENCES OF THE REPORT

The Report was prepared in accordance with all the provisions in the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), and with reference to the SDG Compass on the Sustainable Development Goals (SDGs), etc.

PROCEDURE FOR PREPARING THE REPORT

The content of the Report is determined according to systematic procedures, including identifying important stakeholders, identifying and prioritizing ESG material issues, determining the boundaries of the Report, collecting relevant materials and data, reviewing data, and preparing the Report based on the information. For the convenience of expression and reading, unless otherwise specified, any reference to "4Paradigm", "Company" and "we" herein means 4Paradigm and its subsidiaries.

REPORT ACQUISITION

The Report is published electronically. To obtain an electronic report, please visit the website of the Hong Kong Stock Exchange (www.hkex.com.hk) or the official website of the Company (www.4paradigm.com) to download and review.

The Report is compiled and edited in both Chinese and English. In case of any ambiguity in the English text, the Chinese text shall prevail.

INTRODUCTION TO 4PARADIGM

COMPANY PROFILE

Established in September 2014 and listed in the Main Board on the Hong Kong Stock Exchange in 2023 (Stock Code: 6682.HK), 4Paradigm is an industry pioneer in the field of enterprise AI and also a leader of the Chinese smart decision-making market. Providing platform-centric AI solutions, we have developed end-to-end enterprise AI products using core technologies. We are devoted to solving the efficiency, cost and value problems encountered in intelligent transformation of enterprises, to improve decision-making of the enterprises.

Major technological orientations of 4Paradigm include AutoML, reinforcement learning, transfer learning and generative AI. Our core products and services consist of "4Paradigm Sage", "4Paradigm SHIFT" and "4Paradigm AIGS", which are intended to integrate the Company with different industries (including finance, manufacturing, retail, energy and power), empower digital and intelligent transformation of different industries, and enhance core competencies of enterprises through AI.

As of the end of the reporting period, 4Paradigm had served more than 139 lead users (Fortune Global 500 enterprises and listed companies), had more than 1,800 employees in Beijing, Shanghai, Shenzhen, Hong Kong and Singapore, and owned 470 domestic and international technology patents related to AI and machine learning. Having been widely applied in several industries and fields, including finance, retail, manufacturing, energy, power, telecommunications and health care, 4Paradigm has been ranked No.1 in the IDC market share report on Chinese machine learning platforms.

IN 2023

our businesses tended to develop vigorously, and we kept on expanding our user base and market share, realizing the operating revenue of **RMB 4.2 billion**, with a year-on-year growth of **36.4%,** and the gross margin of **RMB 1.98 billion**, with a year-on-year growth of **33.2%**.

MISSION | To assist all our customers in becoming leaders in the era of digitization and intelligence, and escort the enterprises which are determined to succeed in their journey to transformation.

VISION | To enable everyone to benefit from AI.

HISTORY OF DEVELOPMENT

2014

September: 4Paradigm was established

2015

August: AI + bank, serving smart anti-fraud system of China Merchants Bank

GDBT, machine learning framework for data in one hundred billion dimensions

Started to study AutoML

August: First characteristic parameter server in one thousand billion dimensions

2016

July: Launched 4ParadigmSage, the first enterprise AI application development platform

December: Sage won the First Prize of "Wu Wenjun Award"

2017

March: AI + securities for China Securities, the first AI + application in the securities industry

March: Got down to R&D of OpenMLDB, a special database for machine learning

August: Won the championship of the first competition of transfer learning algorithms

November: AI network communication framework with the highest performance

2018

March: AI + insurance for PICC, the earliest AI + application in the insurance industry

July: AI + bank for the Industrial and Commercial Bank of China, the first AI-driven core banking system

August: AI + medicine, creating solutions for Ruijin Hospital to forecast and manage chronic diseases through AI

September: Launched the world's first AutoCV

October: AI + retail, serving YumChina with personalized recommended solutions, as the first AI-driven panoramic online transformation

2019

March: AI + media for People's Daily, creating new paradigms for intelligent transformation of mainstream media

March: AI + energy, implemented in China National Petroleum Corporation with smart maintenance solutions for oil and gas pipelines, as the first application of AI in oil and gas pipelines

March: In Kaggle Competitions, AutoML defeated more than 85.7% human scientists

May: Broke the world record of ICDAR in the global standards for OCR

May: First accelerator card for the whole lifecycles of AI applications

June: Broke the world record of PASCAL VOC for object recognition for two consecutive times

June: Launched 4Paradigm SageOne - an AI-based computing power platform

August: 4Paradigm SageOne won the WAIC SAIL Award

August: Ranked No.1 by IDC MarketScape in the market share among the Chinese machine learning platforms for several consecutive times

2020

January: First resource scheduling kernel for AI optimization

February: Sage passed GDPR certification

March: Compiled standards related to the machine learning systems

March: Nominated for the "National Science and Technology Progress Award"

March: Included in the Gartner Top 10 Strategic Technology Trends for 2020

June: AI + manufacturing. Cooperated with CATL on solutions for AI-based cell testing, to optimize manufacturing procedures and quality through AI platforms

August: Released 4Paradigm Sage AIOS - the first AI operating system

August: Launched HyperCycle - an automated machine learning and decision-making platform

August: Launched Tianshu - a digital and intelligent traffic management platform

August: Won the world championship of KDD CUP 2020

December: The "epidemic deduction system" based on reinforcement learning was praised by the Ministry of Industry and Information Technology of the People's Republic of China

2021

January: AI + sports for NBA, complete AI-driven D2C transformation

April: AutoKG broke the world record of OGB

June: Launched the 4Paradigm Sage APP Store - enterprise AI application score

June: AI + telecommunications for China Mobile, AI-driven omni-channel supply chain transformation

June: Developed OpenMLDB and Open AIOS as open-source technical components

2023

April: Launched 4Paradigm SageGPT for large multimodal models

June: AI + operators, creating solutions for China Unicom to empower their frontline employees

September: Listed in the Main Board on the Hong Kong Stock Exchange (6682.HK)

November: Launched paradigm ecology, covering more than 40 integrated software and hardware solutions for improving North Star Metric

2023 HONORS

As a leading enterprise in the Chinese smart decision-making market, 4Paradigm has been widely recognized within the industry with outstanding achievements.

2023

JAN

● According to the latest report of IDC MarketScape Worldwide Machine Learning Operations Platforms Vendor Assessment, 4Paradigm Sage ranked No.1 in China among the global machine learning operations (MLOps) platforms.

FEB

● 4Paradigm launched 4Paradigm AIGS, a GPT-like product, for enterprises, iterated as a new development platform based on large multimodal models. 4Paradigm AIGS has been extensively implemented in the fields of finance, manufacturing, medicine, retail, real estate brokerage, education and energy, etc. It has helped Zhongguancun Bank, Commercial Aircraft Corporation of China Ltd, AstraZeneca, 5i5j, the Open University of China and other customers implement the business applications based on large-scale model.

MAY

● Based on the capacity of 4Paradigm AIGS, 4Paradigm was selected as one of the first 7 model partners in Beijing. Based on such capacity, industry-specific models can be developed by few-shot fine-tuning of the subfields, which can significantly improve production efficiency of the industries.

JUN

● 4Paradigm won the world championship of CVPR Challenge, and the core technologies of this competition have been applied in the 4Paradigm AIGS. The capacity for understanding videos has been widely used for identifying illegal operations, monitoring work safety, analyzing surgical intelligence and motion, etc.

● Based on the latest research findings of 3D GPT in molecular property prediction, 4Paradigm was indexed by the 29th ACM SIGKDD Conference on Knowledge Discovery and Data Mining KDD 2023 - a top international conference. At present, 4Paradigm has applied the core technologies in 4Paradigm AIGS, and promoted them in practical downstream applications, e.g. catalyzer development for storing renewable energy.

● According to the IDC's latest report titled Market Share of AI Decision-Making Solutions in China, 4Paradigm Sage was stably ranked No.1 in market share in the smart decision-making market and the first in the market for two consecutive years, with the market share constantly growing.

JUL

DEC

2024

JAN

● As per IDC's latest report titled Market Share of AI Software in 2022 in China, it was the fifth consecutive year that 4Paradigm Sage had been ranked the first in market share on the Chinese machine learning platform.

● OpenMLDB, a self-developed open source machine learning database, was honorably published in the Journal of the ACM. Its core technological achievements were indexed by top conferences such as SIGMOD and VLDB. OpenMLDB also won the VLDB 2023 award for Best Industry Paper. On the industry side, Akulaku, a community user of OpenMLDB, has applied the database in its fintech scenarios, which has not only approximately doubled the team efficiency, but also cut the costs by millions. VIP has applied OpenMLDB in the personalized recommended scenarios of its overseas commodities and brands, thus controlling the recommendation delay within 10 ms and speeding up iterative development of characteristics by 60%.

● 4Paradigm's AI+ drug R&D outcomes based on the decision-making AI were published in the Nature research journals. AI is combined with biological networks to accurately forecast the therapeutic effectiveness, drug resistance, adverse reactions and other manifestations after combined medication. This can provide important scientific grounds for clinical treatment and R&D of new drugs.

● The 4Paradigm AIGS was chosen as a case on advanced applications of Chinese AI large models by MIT Technology Review. MIT's report particularly cited the applications of 4Paradigm AIGS in the field of industrial design. The cooperation with a civil aviation manufacturer is based on multimodes, Copilot and other capacity of 4Paradigm AIGS. Besides, the employees can directly issue the commands through dialog boxes to easily realize the functions of parts search, parts reuse, automated assembly and so on, thus cutting the lifecycle costs of parts by hundreds of millions.

4Paradigm AIGS has been formally put on record by the national Interim Measures for the Administration of Generative Artificial Intelligence Services.

Gelonghui

2023 Award for Outstanding Creative IPO

JRJ.com

Outstanding Growth Enterprise

CLS.CN

AI enterprise with the highest value for investment

Zhitongcaijing.com

a new stock company which is the most popular among the investors

Synced

TOP20 AI Enterprise, Best AI Large Model and TOP20 Application

Qubit

Leading AI Enterprise of the Year

TMTPOST

Cutting-edge sci-tech enterprise of the year

MIT Technology Review

Case on advanced applications of 15 Chinese AI large models

ESG MANAGEMENT

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of 4Paradigm attaches great importance to the Company's capacity for sustainable development, firmly believes that a sound sustainable development management system is internally fundamental for the Company to efficiently fulfill its external environmental and social responsibilities, and closely integrates the sustainable development management concept with the Company's development strategy. The Company constantly strengthens its sustainable development risk management and regularly reviews the progress of its ESG work.

The Company maintains close communications with the stakeholders, regularly evaluates material issues based on the external macro-environment and internal development strategies, and submits the evaluation results to the Board for review. For details of the evaluation process and results, please refer to the sections "Communication with Stakeholders" and "Assessment of Material Issues" hereunder.

The Board of Directors of the Company is fully responsible for establishing ESG management policies, strategies, action priorities and goals; regularly reviewing fulfillment of ESG-related goals; evaluating and determining natures and tolerance level of ESG-related risks identified by the Company, and incorporating ESG-related risks into the risk management and internal control systems. The Company holds regular management meetings to ensure that countermeasures are strictly implemented for the identified risks as required.

RESPONSES TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

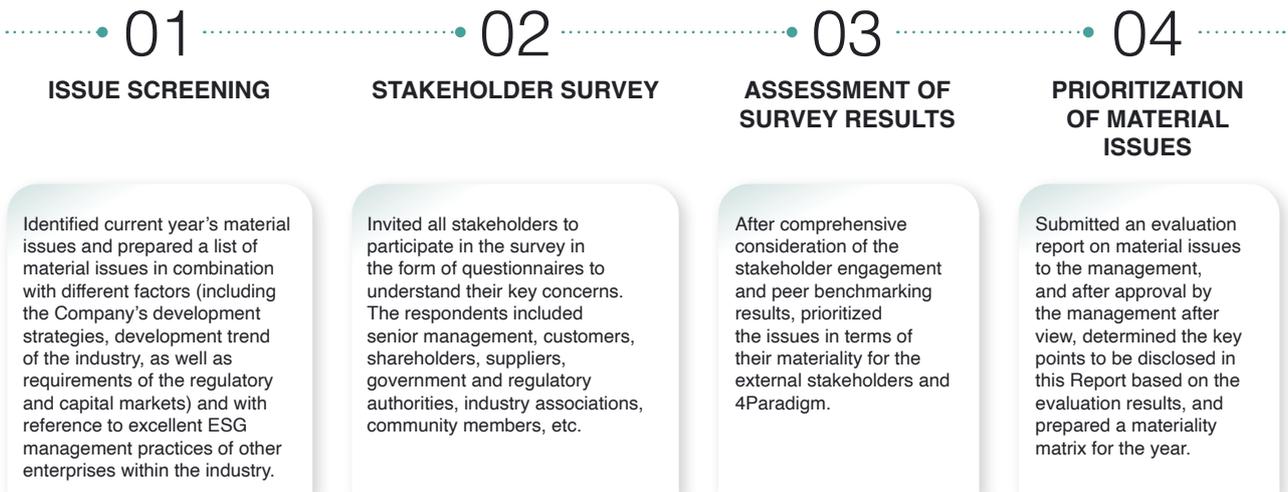| SECTIONS OF THE REPORT	RESPONSES TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)
ROBUST GOVERNANCE AND FOUNDATION REINFORCEMENT Build trust via integrity and compliance practices and create incorruptness cultures within the Company, to facilitate sound sustainable development of the AI industry.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION — 16 PEACE, JUSTICE AND STRONG INSTITUTIONS — 17 PARTNERSHIPS FOR THE GOALS
DIGITAL INTELLIGENCE INNOVATION AND EMPOWERMENT WITH VALUE Impel technological innovations and product R&D, empower customers' digitization, and progress together with the industry.	4 QUALITY EDUCATION — 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — 11 SUSTAINABLE CITIES AND COMMUNITIES — 12 RESPONSIBLE CONSUMPTION AND PRODUCTION — 17 PARTNERSHIPS FOR THE GOALS
GREEN ECOLOGY AND SUSTAINABLE DEVELOPMENT Practise the concept of green development, optimize the management system, promote green office and improve the Company's green operations.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION — 13 CLIMATE ACTION
TECHNOLOGIES FOR SOCIAL GOOD AND INTELLIGENCE FOR GOOD Create fair and harmonious workplace environment, care for employees' occupational health, unblock career development channels and construct a diversified training system to achieve common development for both the company and employees. Devote to public welfare and charity. Using AI technologies to facilitate community development, solve social problems, and serve people's livelihood.	1 NO POVERTY — 3 GOOD HEALTH AND WELL-BEING — 5 GENDER EQUALITY — 6 CLEAN WATER AND SANITATION — 10 REDUCED INEQUALITIES

COMMUNICATION WITH STAKEHOLDERS

4Paradigm attaches great importance to maintaining close and good communications with internal and external stakeholders. We have established a normalized communication mechanism and kept several effective lines of communication open, to promptly understand the stakeholders' expectations and requests for us as importance references for us to carry out ESG work. The main stakeholders of the Company include investors, shareholders, governments, regulatory authorities, media, non-governmental organizations, suppliers, partners, users, employees, communities and the public.

STAKEHOLDERS	ISSUES OF CONCERN	COMMUNICATION APPROACHES
SHAREHOLDERS AND INVESTORS	• Return on investment • Compliance operation • Risk control • Product services and quality	• General meetings of shareholders • Regular reports and announcements • Investor emails and meeting communications
GOVERNMENT AND REGULATORY AUTHORITIES	• Compliance management • Information security • Data and privacy • Ethics and governance of AI	• Information disclosure • Daily communication and report • Regulatory inspection • Reception of visitors
MEDIA AND NON-GOVERNMENTAL ORGANIZATIONS	• Product and service quality • Promoting industry development • Social responsibilities	• Social media • Official websites • Press conferences • Meeting communications
SUPPLIERS	• Ethical management • Corporate social responsibilities • Mutual benefit and win-win result • Supplier empowerment	• Project procurement • Contracts and agreements • Invitations to tender and bid • Supplier management conferences
PARTNERS	• Technological innovations • Cooperative development • Product and service quality • Social responsibilities	• Enterprise forums • Partner summits • Project cooperation • Technical exchanges
USERS	• Improvement of user experiences • Product and service quality • Information security • Data and privacy protection	• Official websites • User feedback channels • Feedback from product research • Social media
EMPLOYEES	• Protection of employees' rights and interests • Occupational health and safety • Employee welfare • Equal opportunities and diversity	• Internal meetings • Management committees • Employee training • Social media
COMMUNITY AND PUBLIC	• Public welfare and charity • Community participation • Environmental protection	• Community activities • Official websites • Social media

ASSESSMENT OF MATERIAL ISSUES

In 2023, 4Paradigm engaged external professional consultants to conduct a survey with its internal and external stakeholders to understand their expectations and suggestions on material sustainability issues. The Company assessed the materiality of sustainability issues through issue screening, stakeholder survey, analysis of survey results and prioritization of material issues, which were used as the basis for preparing this Report.

FOUR STEPS FOR DETERMINING MATERIAL ISSUES:

01
ISSUE SCREENING

Identified current year's material issues and prepared a list of material issues in combination with different factors (including the Company's development strategies, development trend of the industry, as well as requirements of the regulatory and capital markets) and with reference to excellent ESG management practices of other enterprises within the industry.

02
STAKEHOLDER SURVEY

Invited all stakeholders to participate in the survey in the form of questionnaires to understand their key concerns. The respondents included senior management, customers, shareholders, suppliers, government and regulatory authorities, industry associations, community members, etc.

03
ASSESSMENT OF SURVEY RESULTS

After comprehensive consideration of the stakeholder engagement and peer benchmarking results, prioritized the issues in terms of their materiality for the external stakeholders and 4Paradigm.

04
PRIORITIZATION OF MATERIAL ISSUES

Submitted an evaluation report on material issues to the management, and after approval by the management after view, determined the key points to be disclosed in this Report based on the evaluation results, and prepared a materiality matrix for the year.

2023 ESG MATERIAL ISSUES MATRIX OF 4PARADIGM

TOP MATERIAL ISSUES

01. Empower enterprises' digital transformation
02. Product R&D and technological innovation
03. Intellectual property rights protection
04. Product reliability and safety
05. Protection of Employee Rights and Interests
06. High-quality customer service
07. Information security and privacy protection
08. Compliant operation and risk management

MATERIAL ISSUES

09. Promote industry development
10. Employee development and training
11. Supply chain development
12. Business ethics and anti-corruption
13. Occupational health and safety
14. Rational use of resources

SUB-MATERIAL ISSUES

15. Addressing climate change
16. Pollutants and waste control
17. Community public welfare and charity

01

ROBUST GOVERNANCE AND FOUNDATION REINFORCEMENT

4Paradigm gradually improves and perfects its compliance management system and anti-fraud system. We continuously optimize and upgrade the compliance system, conduct compliance training for the management, improve the protective measures for whistle-blowers, and strengthen information security and privacy protection, etc., to continuously increase our employees' awareness of compliance, continuously improve our compliance management, create incorruptness cultures within the Company, and construct a modern efficient corporate governance system with well-defined rights and responsibilities, checks and balances to promote healthy and stable development of the Company's businesses.
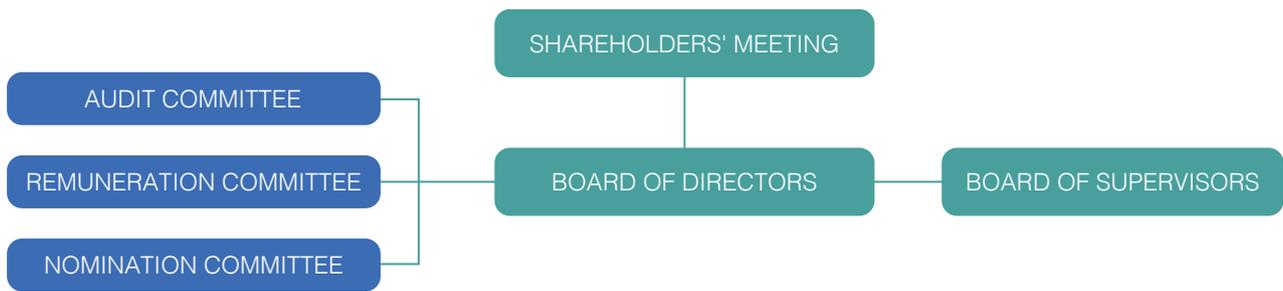
Contributing to the UN SDGs:

10 REDUCED INEQUALITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

The Company has built a complete corporate governance structure in strict compliance with the Company Law of the People's Republic of China and relevant rules of the Hong Kong Stock Exchange, with an audit committee, a remuneration committee and a nomination committee subordinated to the Board of Directors. We have formulated the Rules of Duty and Procedure for the Audit Committee of the Board of Directors, Rules of Duty and Procedure for the Remuneration Committee of the Board of Directors, Rules of Duty and Procedure for the Nomination Committee of the Board of Directors and so onto clarify boundaries of different decision-makers rights and responsibilities, and consolidate the Company's foundation for high-quality sustainable development.

SHAREHOLDERS' MEETING

AUDIT COMMITTEE

REMUNERATION COMMITTEE

NOMINATION COMMITTEE

BOARD OF DIRECTORS

BOARD OF SUPERVISORS

Management and Governance Structure of 4 Paradigm

| COMMITTEE	KEY RESPONSIBILITY
AUDIT COMMITTEE	• Proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance; • Guiding internal audit work; • Examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters; • Assessing the effectiveness of internal control; • Coordinating the communication among management, internal audit department, related departments and external audit agency; • Dealing with other matters that are authorized by the Board or involved in relevant laws and regulations.
REMUNERATION COMMITTEE	• Formulating individual remuneration plans for Directors, Supervisors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in the other comparable companies; • Examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation; • Supervising the implementation of the remuneration plan of the Company; • Dealing with other matters that are authorized by the Board.
NOMINATING COMMITTEE	• Making recommendations to our Board with regards to the size and composition of our Board based on our Company's business operation, asset scale and equity structure; • Researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; • Conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management; • Examining our Board candidates, general manager and members of the senior management and making recommendations to our Board; • Assessing and reviewing the independence of independent non-executive Directors; • Dealing with other matters that are authorized by our Board.

IN 2023

The general meetings of shareholders, the Board of Directors and the Board of Supervisors of the Company have abided by laws and regulations, made management decisions and performed supervision in strict accordance with the normative operation and internal systems. All shareholders, directors and supervisors have performed their duties with due diligence to jointly promote standardized operation of the Company.

- Held **4** general meetings of shareholders, reviewed and considered **20** proposals
- Held **6** meetings of the Board of Directors, reviewed and considered **34** proposals
- Held **1** meeting of the Audit Committee, reviewed and considered **3** proposals

DIVERSITY OF THE BOARD OF DIRECTORS

As of the end of the reporting period, the Company had a total of 9 directors and 3 supervisors. The directors of the Company come from different industries, and their professional fields cover finance, economy, physics, computer and so on.
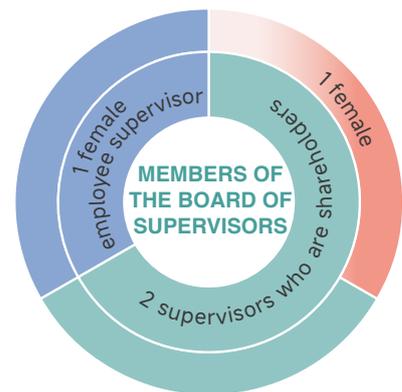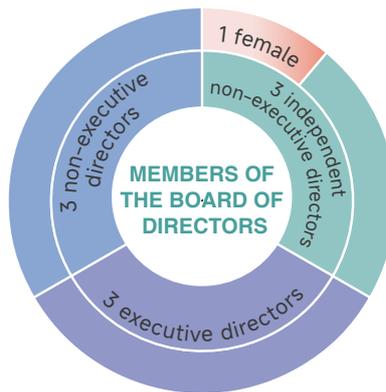
INVESTOR RELATIONSHIP MANAGEMENT

The Company attaches great importance to the communications with investors, to subdivide the duties related to investor relationships and implement rules, thus providing institutional guarantee for orderly communications with the investors. During the reporting period, the Company truly, accurately and completely performed the obligation for information disclosure.

On the premise of fulfilling the obligation for information disclosure, the Company actively carried out investor communications through multiple channels and means, comprehensively responds to inquiries from small and medium-sized investors in a timely manner, and fully protects rights and interests of these investors, in order to ensure close connections and mutual trust between the Company and investors.

CONTACT US

Address: No.L01301-1, Floor 13, Building 1, No.66 Yard, Qinghe Middle Street, Haidian District, Beijing, China
Email: IR@4paradigm.com

| INTERNAL COMPLIANCE CONTROL

INTERNAL CONTROL MANAGEMENT

The Company attaches importance to internal control management, and has built internal control and audit departments for internal audit and control of the Company. We have established an internal control management mechanism guided by business function rules, with the online systems as process tools, to continuously monitor fulfillment of responsibilities for internal control within the line of business, dynamically eliminate risks, empower the Company's internal control and compliance management with technologies, and constantly increase efficiency of the Company's compliance operations.

"PRE-CONTROL"
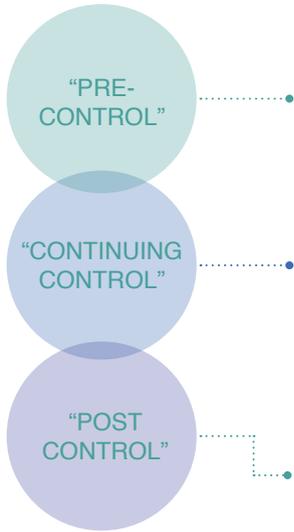
When it is necessary to add or adjust the procedures for businesses and functions, the Company performs daily review regarding compliance, reasonableness, efficiency and effectiveness of the procedure designs. During the reporting period, we conducted internal control audit for all additions, adjustments or changes of the online procedures, with a coverage ratio of 100%.

"CONTINUING CONTROL"

The Company strictly supervises the process for implementing the key procedures for businesses and functions. For execution consistency, accuracy, reasonableness and completeness, internal control inspection checkpoints have been set at key nodes of the procedures. During the reporting period, the Company supervised and inspected more than 40% online procedures related to sales, procurement, financial affairs and other key fields.

"POST CONTROL"

The Company reinspects the executed key procedures from time to time, in order to find and identify the problems on effectiveness, reasonableness and compliance which might be omitted. We urge and supervise rectification of these problems for closed-loop management of the procedures. During the reporting period, the Company randomly reinspected more than 30% of the online procedures for examining and approving purchase requests, goods arrival and payments.

In addition, the Company conducts special inspections of risks and key processes in its operations from time to time, makes suggestions for improvement, and tracks formulation and implementation of improvement measures by relevant responsible departments. During the reporting period, the Company performed special evaluations of fund management and other key procedures.

RISK MANAGEMENT

The Company continuously pays attention to the information or events on potential risks or hazards that may exist in its business and functional processes, develops risk identification and management processes, achieves full coverage of internal control process management by online systems, and implements digital risk management and control in production management, investment management and financial management.

RISK IDENTIFICATION AND EVALUATION PROCEDURES

Risk identification	Risk evaluation	Risk response	Risk monitoring	Risk reporting
Identify the risk information that may exist in all business and functional processes of the Company based on the Company's strategic and business objectives.	Monitor and evaluate information of the identified risks.	Remind the departments concerned in the risk information of improving their management systems and strengthening their control over process nodes.	Strengthen node setting, key monitoring or special inspection for the processes that may be involved in the risks to which attention is paid, in order to realize all-round control before, during and after the risks.	Hold regular meetings to keep the responsible departments of important risk information or events, and take similar risk countermeasures in advance.

The Company attaches great importance to the establishment of an internal control system, and conducts online training and exchanges with its subsidiaries from time to time according to needs. During the reporting period, the Company communicated online with 3 of its subsidiaries (namely Jianxin Technologies, Ideal Technologies and EpicHust) regarding establishment of the internal control system, emphasizing the necessity of risk control and management, publicizing the theoretical framework and key points of internal control, and sharing excellent practical cases on establishment and evaluation of the internal control system. Approximately 20 people took part in the training, which nearly lasted for 6 hours in total.

In addition, the Company visited Jianxin Technologies and Ideal Technologies, to fully communicate with them on the key and difficult points of internal control establishment.

NUMBER OF THE COMPANY'S EMPLOYEES TAKING PART IN THE COMPLIANCE TRAINING

2022 94

2023 93

INFORMATION SECURITY

The Company attaches great importance to information security, strictly abides by laws and regulations such as Cybersecurity Law, Anti-unfair Competition Law and Company Law, and establishes a Trade Secret Management System for clearly defining trade secrets, confidentiality managers, confidentiality levels and penalties for revealing trade secrets, etc. The management of trade secrets is incorporated into the induction training for new employees. All employees are required to abide by the rules on trade secrets and fully protect the information, privacy and data security of all stakeholders.

> **AS OF THE END OF THE REPORTING PERIOD**
>
> **No data breach** occurred in the Company, and **no legal proceeding** related to information security was filed against the Company or its employees.

CONFIDENTIAL LEVEL OF TRADE SECRET		DOCUMENTS AND MATERIALS	READ PERMISSION	RETRIEVAL, REPRODUCTION AND APPROVAL PERMISSION	STORAGE METHOD AND PERIOD
CLASS A	Top secret	The most important trade secrets, the disclosure of which will detrimentally impair safety and fundamental interests of the Company, including documents or contracts on major cooperation projects, the Company's business decision-making materials, confidentiality contracts for special personnel and relevant financial statements.	Personnel ranking above the deputy general managers	General manager or his designated person	Sealed up by the general manager or his designated person, and kept inside a safe The storage period is 10 years
CLASS B	Classified	Important trade secrets, of which the disclosure will seriously impair safety and interests of the Company; they mainly include scientific research, development and technical engineering documents, important instructions, orders, resolutions, decisions and reports of the Company, minutes of corporate and executive meetings, purchase contracts, sales contracts, cooperation agreements, work plans, summaries, statistical summary reports, personnel files and audit reports of the Company.	Personnel ranking above department heads	General manager, deputy general manager or designated personnel	Locked up inside a file cabinet The storage period is 5 years
CLASS C	Secret	Namely, general trade secrets, of which the disclosure will impair safety and interests of the Company; they mainly include documents and materials of general departments' operations, annual and quarterly plans, summaries, reports, and minutes of departmental meetings.	Personnel approved by department heads	Personnel ranking above department heads	Locked up inside a file cabinet The storage period is 3 years

BUSINESS ETHICS

The Company sticks to integrity management, promotes incorruptness cultures, and upholds a "zero tolerance" attitude towards any form of corruption. The Company strictly abides by the Company Law, Anti-unfair Competition Law, Interim Provisions on Banning Commercial Bribery, other national laws and regulations. We provide strong support for the Company's incorruptness building by incorporating the "anti-fraud" clauses into the contract templates, guaranteeing incorruptible procurement, and entering into the Letter of Undertaking on Fair Competitions and Letter of Undertaking on Supplier Compliance.

> **AS OF THE END OF THE REPORTING PERIOD**
>
> The Company committed **no illegal acts** such as corruption in violation of business ethics.

As a member of "Trust and Integrity Enterprise Alliance", the Company actively exchanges and communicates with external organizations. We realize linkage and resource sharing through industry forums, training and other activities, resolutely cracking down upon commercial bribery, blackmail, fraud, malpractice and other violations, to improve corporate anti-corruption governance.

The Company sets up diversified public channels for anti-corruption whistleblowing, actively makes whistleblowing hotline and email public, promptly processes whistleblowing information, and takes measures to protect the whistleblowers' lawful rights and interests.

Whistleblowing hotline: 010-56950761
Whistleblowing email: report@4paradigm.com

02

DIGITAL INTELLIGENCE INNOVATION AND EMPOWERMENT WITH VALUE

As the leader of enterprise AI, 4Paradigm always takes up the mission of empowering the transformation of enterprise AI and procuring AI to serve enterprises. We are committed to solving efficiency, cost and value problems faced by enterprises in intelligent transformation and improving the decision-making of enterprises. We accelerate technological innovations and talent team building, to strengthen protection of intellectual property and promote transformation of the achievements in scientific and technological innovations. We perform delicacy management for the whole lifecycle of product quality, strive to enhance core competencies of the enterprises and provide customers with high-quality products and services. Besides, the Company strengthens technical exchanges and cooperation within the industry, and gathers external stakeholders of the business chain to promote high-quality development of the AI industry in combination with supply chain management.

Contributing to the UN SDGs:

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SHAPING THE FUTURE WITH INTELLIGENCE

As a new productive force, AI is empowering high-quality development of enterprises. The use of AI technology continuously strengthens data penetration of the whole process, accelerates business collaboration of the whole value chain, and fosters data-driven intelligent decision-making capacity. With the constant expansion of application scenarios of AI, traditional development modes in different fields of social life and production, including life, transportation, commerce and manufacturing, are being changed. With the great potential for efficiency improvement, AI makes business development more personalized and efficient, urban management more accurate and orderly, people's lives more convenient and comfortable, and travel safer and more convenient. 4Paradigm has helped the enterprises in the fields of finance, retail, manufacturing, education, health care and communication make qualitative changes in intelligent transformation using leading AI technologies, products and services. In 2023, we provided AI services for 445 enterprises, including 139 lead users[1].

[1]Lead users: Fortune Global 500 enterprises or listed companies

4PARADIGM LAUNCHED 4PARADIGM AIGS,TO PERFORM SOFTWARE REFACTORING FOR THE ENTERPRISES WITH GENERATIVE AI

In April 2023, it was the first time that 4Paradigm launched its 4Paradigm AIGS 3.0 in public and put forward the AI-Generated Software (AIGS), to perform software refactoring for the enterprises with regenerative AI. 4Paradigm AIGS, a new development platform based on multimodal large models, is committed to software refactoring for the enterprises with regenerative AI, with multiple modes, knowledge base, Copilot, chain-of-thought (CoT) and other core capacity under enterprise scenarios. The users call and execute functions of enterprise software through interactions in the form of "dialog boxes". The user experiences and development efficiency of enterprise software are improved. So far, in-depth cooperation on the large models has been conducted with scores of enterprises of different industries, including finance, retail, manufacturing, medicine, logistics, operators and real estate brokerage.

WITH THE FIRST INTRODUCTION OF SMART "COPILOT", 4PARADIGM LAUNCHED THE NEW-GENERATION AI+ INDUSTRIAL MOM SOFTWARE

In June 2023, EpicHust, as China's leading industrial software service provider, launched the new-generation industrial software "Tian Xuan" for AI+MOM (manufacturing operations management), while 4Paradigm formally launched smart copilot "iAsk" for MOM. iAsk is presented in an interface in the form of dialog boxes. The users can directly call functions of traditional industrial software, generate data and reports by one click, ask and answer questions based on a professional knowledge base in natural languages of the mankind. The new-generation MOM system reshaped by generative AI and driven by natural languages show certain understanding and executive power. It increases operational efficiency and lowers the threshold for use and development.

AI+FINANCE

An international credit card brand has conducted payment and settlement businesses within the territory of China since 2022. Owing to the unique regulatory requirements of the Bank of China, the marketing plans which have been centralized in the global market are no longer applicable to the Chinese market. According to the regulatory requirements for bank data and in combination with the business surveys, 4Paradigm suggests developing localized marketing rule engine products and services for card-issuing banks' marketing of credit cards in combination with delicacy management of credit card customers, a topic which arouses widespread concerns among the card-issuing banks.

- OBJECTIVE : To help the card-issuing banks increase their user engagement, increase amount of transactions where payments are made by cards, and facilitate growth of the card-issuing banks' revenues and profits.

- SOLUTION : Develop localized rule engine products and support flexible customization of marketing rules with decision engine as kernel; help the card-issuing banks to effectively screen target customers, and offer personalized marketing reward plans to the customers; the complete chain supporting activation and marketing of credit cards include the latest details of exclusive rights and interests, matching logic of intelligent marketing, event operation and customer reach, etc.

HIGHLIGHT AND PERFORMANCE

Increase marketing efficiency of marketing cards by

3 folds

Increase the active credit cards of 3 banks by

12 million

over 6 months

AI+RETAIL

Fierce competitions are being faced by a certain leading catering chain within its industry and across industries. The number of its customers tends to be saturated, so it is urgent to find a way to enhance its traffic monetization. 4Paradigm increases inventory value through online transformation, and helps China increase its average transaction value as far as possible.

- OBJECTIVE : To increase average transaction value and average revenue per user.

- SOLUTION : Provide the customers with personalized precision recommendation services through personalized ordering and recommendation services, to constantly optimize customer experiences; build AI platforms in a customized manner, in order that AI will be promoted under critical business scenarios from online to offline and from marketing to operations in a platform-oriented and efficient manner.

HIGHLIGHT AND PERFORMANCE

| Increase the average transaction value of APP by | 2% | Increase annual single-channel sales by HUNDREDS OF MILLIONS RMB | Realize the conversion rate of 2% in coupon push | Increase the total marketing amount by 1% |

Differentiated member menu
Personalised offers

Differentiated placement of pop-up offers

Extract real-time data characteristics

Sorting of ultra-high-dimensional machine learning models

Generate the final recommendation list based on scenarios, business objectives, and business strategies

Personalized ordering and recommendation systems

AI+MANUFACTURING

Like many traditional automobile manufacturers, Faw Jiefang encounters difficulties in its production management, including inefficient and inaccurate management decision-making, ineffective business collaboration and communication, data acquisition and information island.
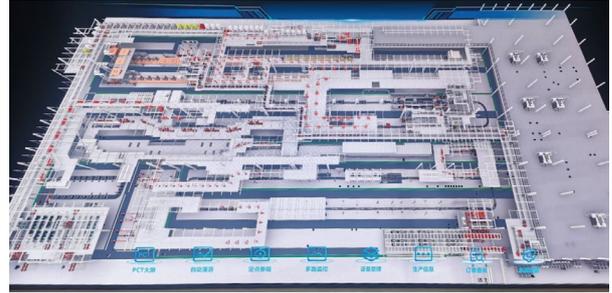
Intelligent manufacturing operations platform of the intelligent factory

● OBJECTIVE : To improve the factory's operational efficiency and make the factory more intelligent.

● SOLUTION : 4Paradigm creates manufacturing operations management (MOM) solutions for the smart vehicle factory of Faw Jiefang. With the support of AI and other technologies, link business collaboration of the whole manufacturing process such as sales, planning, logistics, manufacturing and quality, to realize lean management, flexible manufacturing, process visualization and intelligent decision-making.

HIGHLIGHT AND PERFORMANCE

Make the connection rate of key equipment up to	Increase order on-time delivery rate by	Increase production efficiency by	Increase overall equipment effectiveness by
100%	**3.22**%↑	**11**%↑	**3.44**%↑

AI+SUPPLY

Power grid enterprises are system integrators and operators, linking upstream and downstream enterprises and users in the energy and power industry chain and supply chain. It is urgent to build a logistical material support management and control platform which covers the whole process of the supply chain.

● OBJECTIVE : To help a power grid enterprise build a panoramic visual and global collaborative material support system, realize the digital twin of warehousing operations, and improve intelligence and work efficiency of material support.

● SOLUTION : Integrate all complex scenarios, platforms, equipment and resources of corporate internal supply chain; build a logistics material support management and control platform covering the whole supply chain process such as demand plan, procurement tender, contract performance, production delivery, warehouse management, transportation, distribution, recycling and disposal. The core capabilities include:

● **Demand plan:** Automatically remind the organizations in demand of submitting their demand plans according to their typical material production and supply cycle, annual procurement and supply arrangements;

● **Contract performance:** Automatically create supply notices based on the contract delivery list. The suppliers feed back their production schedules, production progress and capacity load online to understand the contract execution in real time;

● **Transportation and distribution:** Use vehicle-mounted logistics terminals for monitoring position, speed, acceleration, inclination angle, ambient temperature and humidity of equipment in real time, to realize dynamic transparency and visualization of material transportation;

● **Warehouse management:** Gather physical resources of warehouses at all levels of enterprises; monitor inventory distribution and dynamics in real time; and support lean management on the basis of "separate warehouses and policies for different materials".

HIGHLIGHT AND PERFORMANCE

Intelligently coordinate resource allocation and operation control of over

21,700

(warehouses on a nationwide basis)

Dynamically coordinate storage and supply integration

AI+MEDICINE

A leading hospital specializing in orthopaedic treatment approximately has 170 beds and more than 300 employees. The original management mode and information system of the hospital are relatively backward. The hospital mainly relies on Excel to record cases, but lacks a perfect information management system, which leads to poor patient services, low efficiency of its medical staff, and insufficient utilization of resources in operating rooms.

- OBJECTIVE : Surgery is the main source of income for orthopedic hospitals. Therefore, the intelligent transformation of operating rooms critical for enhancing core competencies of hospitals.

- SOLUTION : 4Paradigm relies on machine learning, federated learning and other technologies to create an integrated business support system covering the whole process of "perioperative period" - intelligent operating room. Based on the construction of intelligent operating rooms, applications for surgery scheduling, patient identity and surgical safety verification, centralized access to patient information, surgical teaching management, and analysis of surgical videos, etc. to realize the interconnection and data summary of all equipment. Doctors can easily obtain necessary information by means of voice control. The intelligent surgery assistant and image projection function assist with the doctors' surgical operations. The management cockpit system is used to efficiently schedule resources of the operating rooms, accurately predict operation and occupation time, and properly schedule the surgeries, in order to improve the average utilization of the operating rooms.
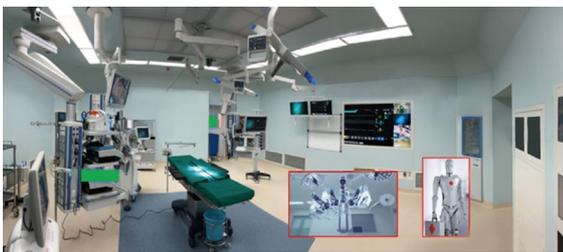
Construction of intelligent operating rooms

HIGHLIGHT AND PERFORMANCE

Increase the total number of annual surgeries by

Make the resource utilization rate of the hospital up to

14.5% ⬆ 60%

AI+EDUCATION

The Open University of China is an important part of the country's digital transformation of education. Its principal business is to organize large-scale online education. The university upholds "digital first", serves teachers and students and performs daily business management in a digital manner.

Smart Learning Partner BITZOOM

- OBJECTIVE : To help the Open University of China sort out knowledge points, optimize and integrate educational resources in daily teaching, and improve teachers' teaching efficiency and students' satisfaction with AI.

- SOLUTION : 4Paradigm creates "Smart Learning Partner BITZOOM" based on a large model to help students quickly find and acquire knowledge points and answer non-academic questions in place of customer service specialists. In the field of jurisprudence, create an intelligent assistant for question and marking assistant, to procure a generative AI system to acquire course knowledge, set questions for students, correct homework for students, and help students improve their skills step by step.
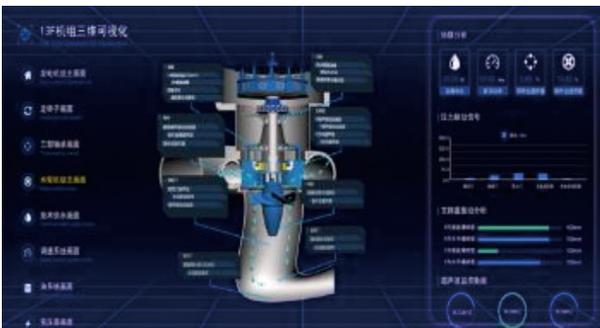
HIGHLIGHT AND PERFORMANCE

Based on the multi-model capacity of 4Paradigm AIGS, "Smart Learning Partner BITZOOM" realizes understanding of the texts in video courses. When a user raises questions, it cannot only answer the questions rapidly, but also can provide sources of the answers. This makes it convenient for the users to rapidly search and acquire the knowledge points, to ensure reliable, professional and efficient knowledge acquisition.

AI+ENERGIES

In its traditional operation and maintenance processes, the hydropower industry faces two major challenges: manual monitoring and equipment management. A hydropower station is one of China's largest hydropower stations, with nearly 200,000 monitoring points. The operation and maintenance personnel of the hydropower station can find problems effectively at the 200,000 monitoring points and respond quickly. In traditional manual management of equipment, it is impossible to accurately troubleshoot equipment faults, and the equipment is not subject to lifecycle management. Thus, it is impossible to give full play to the maximum value of machines.

- OBJECTIVE : To better understand real-time conditions of generator units in the power plant, eliminate work safety risks, and improve intelligent application and management of the hydropower plant.

- SOLUTION : 4Paradigm integrates the existing data resources of the power plant together with its partners using advanced sensors, electronics, information, control, intelligent analysis software and other technical means, thus building a data sharing center for holographic data collection, transmission, processing, storage and analysis of units in the production area of the hydropower plant and a unified platform for intelligent decision-making support applications, which strongly support safe and efficient operation of the power plant. By monitoring the data of 200,000 monitoring points, the production and equipment can be perceived in all directions without dead end. Guidance is offered for monitoring, analysis, evaluation, fault diagnosis, operation and maintenance of unit equipment, linked with equipment management, in order to realize intelligent maintenance, risk control and assisted decision-making.

Monitor equipment information in real time

HIGHLIGHT AND PERFORMANCE

Increase the work efficiency by

30% ↑

Cut the equipment maintenance cost by

10% ↓

TECHNICAL R&D AND INNOVATIONS

Adhering to the core strategy driven by technical innovations, 4Paradigm has developed 4Paradigm Sage, 4Paradigm SHIFT and the 4Paradigm AIGS as three major business sectors around six core technical directions, namely "AutoML, reinforcement learning, migration learning, AI computing power, generative large models and engineering technologies", to create new productivity of enterprises through digital transformation.

4Paradigm Sage supports the enterprises to put the AI applications into practice in different stages. 4Paradigm SHIFT efficiently promotes digital and intelligent transformation of all industries and further expands the Company's commercial layout. 4Paradigm AIGS greatly improves efficiency of enterprise software development, and empower thousands of industries through their large models.

IN 2023

The Company's R&D investments exceeded **RMB 1.7 billion**, and the ratio of R&D expense exceeded **40%**. High-tech investments efficiently supported constant improvement of the enterprises' competencies.

546 employees of the Company got down to R&D, accounting for **30.32%** of the Company's employees.

TECHNICAL EXCHANGES AND COOPERATION

While conducting independent R&D, 4Paradigm actively cooperates with its partners, relying on resource integration and complementary advantages for mutual benefit and win-win. The Company has successively reached strategic cooperation agreements with AI computing centers in Xi'an, Shanghai, Zhejiang, Henan and other places, as well as domestic high-tech enterprises. Focusing on localization of computing power resources, supporting technical R&D of large models, exploring innovative application modes of generative AI-generated enterprise software, and jointly promoting scientific research innovation and transformation of scientific and technological achievements.

4PARADIGM REACHED STRATEGIC COOPERATION WITH LOONGSON TECHNOLOGY CORPORATION LIMITED FOR JOINT CONSTRUCTION OF LOCALIZED AI INFRASTRUCTURE

On March 23, 2023, 4Paradigm and Loongson Technology Corporation Limited held a signing ceremony for strategic cooperation in Beijing, announcing that they would work together to build ecology of AI infrastructure. At the signing ceremony, both parties stated that they would give full play to their independent innovation advantages in the fields of software and hardware, develop independent and controllable localized AI software and hardware integrated units, and realize outstanding AI training and reasoning ability on Loongson CPU.

As early achievement of strategic cooperation, 4Paradigm Sage AIOS based on LoongArch has been deeply adapted to Loongson 3C5000 series chips. Through machine learning algorithms such as software and hardware co-optimization, logistic regression, decision tree model and sparse deep neural network, the performance of Loongson 3C5000 series has nearly been equivalent to that of foreign mainstream CPU, and in many enterprise scenarios such as sales forecast, ad click, loan default and transaction anti-fraud, the model accuracy is basically the same as that of foreign mainstream CPU.

> **TO SUPPORT R&D OF LARGE MODELS, 4PARADIGM HAS REACHED STRATEGIC COOPERATION WITH XI'AN FUTURE AI COMPUTING CENTER**

In April 2023, 4Paradigm entered into a strategic cooperation agreement with Xi'an Future AI Computing Center to support R&D of AI large models using computing resources of West China. Xi'an Future AI Computing Center, known as the "super brain" in West China, is the first large-scale AI computing cluster in West China. The strategic cooperation will provide ultra-large-scale computing power for R&D of large models by 4Paradigm, lay a foundation behind the complex systematic engineering of large models, and jointly promote development of the AI industry.

INTELLECTUAL PROPERTY MANAGEMENT

INTELLECTUAL PROPERTY STRATEGIES

The Company attaches great importance to intellectual property work. It has established intellectual property strategies and an effective operation mechanism adaptable to its own business development and technological development, which cover the lifecycle management of creation, management and application and protection of intellectual property of enterprises. We strengthen intellectual property protection, and promote all-round coordinated development in components of our intellectual property such as patents, trademarks and copyrights.

The Company has set short, medium and long-term goals of intellectual property. Through the four major strategies of "protection, innovation, application and management", guided by the government's industrial planning and in reliance upon enterprise development planning, we combine production, education and research, integrating internal and external innovation resources, to coordinate market entities and innovators. The Company's independent innovation capability and level are continuously improved through internal training on intellectual property, patent application, patent mining, patent warning, database building, patent invalidation, patent litigation, trademark warning, and improvement of the employees' awareness of intellectual property, etc.

4PARADIGM'S OBJECTIVES OF INTELLECTUAL PROPERTY WORK AND FULFILLMENT IN 2023

OBJECTIVES

- Completed **130** patent applications throughout the year
- No fewer than **20** high value patents evaluated by the Evaluation Committee throughout the year
- Promoted utilization of intellectual property

FULFILLMENT

- Completed **133** patent applications in total
- **25** high value patents recognized by the Evaluation Committee
- Strengthened reserves of authorized patents, and there were **86** authorized patents throughout the year
- **100%** responded to business or customer demand to provide intellectual property support, and solve intellectual property problems

4PARADIGM CARRIES OUT A RANGE OF ACTIVITIES FOR PUBLICIZING AND POPULARIZING OF INTELLECTUAL PROPERTY

Every year, the Company carries out intellectual property-related theme activities around "April 26 - the World Intellectual Property Day", including publicity and popularization, typical case analysis, patent marathon, knowledge quiz, special training on products and key technology exhibition boards. In 2023, the Company carried out large-scale special training activities on intellectual property for all members of the Product R&D Department online and offline. The training covered popularization of knowledge such as application processes for patents, trademarks and computer software copyrights as well as their roles in the R&D process. These activities are helpful for

Training on "Matters about Intellectual Property"

Poster of the 2023 World Intellectual Property Day

increasing our top leaders' and R&D personnel's awareness of intellectual property, stimulating the employees' innovative thinking and creativity, formulating more perfect and effective patent application strategies in future R&D work, and comprehensively enhancing the competitiveness of enterprises.

INTELLECTUAL PROPERTY MANAGEMENT SYSTEM

Adhering to the intellectual property management policy of "encouraging creation, effective use, legal protection and scientific management", the Company issues the Intellectual Property Management Manual, Intellectual Property Reward System and different management procedures in strict compliance with the latest provisions of the Copyright Law of the People's Republic of China, Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, other relevant laws and regulations. The intellectual property work is deeply integrated into the Company's project initiation, R&D, procurement, production, sales and after-sales, etc. We have established and gradually improved the intellectual property management system, set up the Intellectual Property Department as an intellectual property management organization, designate our general manager as the chief person responsible for intellectual property management, and appoint full-time staff for intellectual property management.

INTELLECTUAL PROPERTY RISK MANAGEMENT

The Company has formulated the Intellectual Property Risk Management System, Intellectual Property Risk Management and Control Procedures, and Intellectual Property Risk Assessment Report in strict accordance with relevant laws and regulations. We have established an intellectual property risk analysis and warning mechanism, and implemented market monitoring on intellectual property to prevent and respond to intellectual property disputes. If any department of the Company finds any infringement upon the Company's intellectual property rights, it shall report such infringement in writing to the Company in time, and the Intellectual Property Department shall track and investigate the infringement upon relevant intellectual property and safeguard rights according to laws. Besides, the Company respects protection of others' intellectual property, investigates the possibility of infringement through retrieval and novelty retrieval, issues investigation reports, and takes measures to prevent infringement upon others' intellectual property.

> **IN 2023**
>
> **No infringement** upon others' or the Company's intellectual property was found.

INTELLECTUAL PROPERTY PROTECTION

The Company attaches great importance to intellectual property protection, continuously improves the long-term intellectual property protection mechanism, and constantly increases the employees' awareness of intellectual property protection by training all of them regarding trademark, patent and copyright protection. We restrict the contact of secret-related personnel by delineating scientific and technological development areas and trade secret protection areas. In the labor contracts, confidentiality and non-competition clauses are formulated, which clearly stipulate that no one may take advantage of his position or work or adopt other improper means to publish, disclose, use, license or transfer the intellectual property of the Company without authorization, in order to strengthen intellectual property protection in an all-round manner.

PATENT APPLICATIONS

Number of patents owned

2021	2022	2023
140	226	317
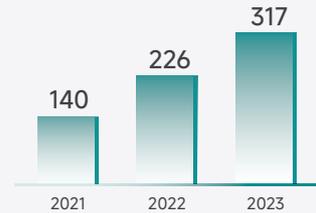
Number of copyrights owned

2021	2022	2023
9	9	9
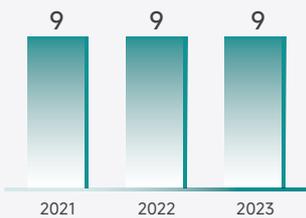
Number of trademark and character registration rights

2021	2022	2023
320	510	556
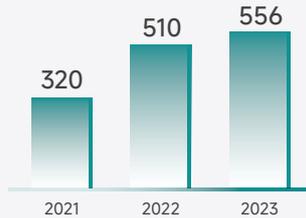
Number of utility models owned

2021	2022	2023
2	5	6
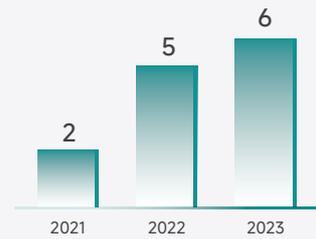
Number of invention patents owned

2021	2022	2023
69	108	168
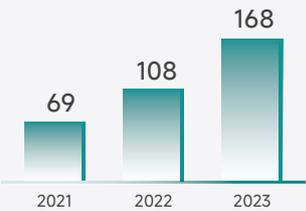
Number of software copyrights owned

2021	2022	2023
85	97	111
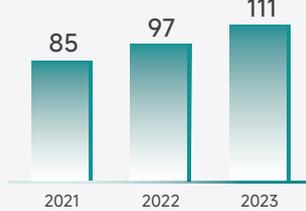
Number of annual new patent applications

2021	2022	2023
197	159	133
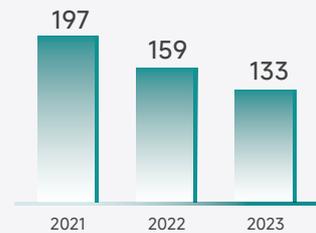
REINFORCEMENT OF QUALITY MANAGEMENT

The Company is committed to maintaining high-quality AI products and solutions. Adhering to the quality management policy of "accurate positioning, meticulous design, continuous improvement and customer satisfaction", we have formulated internal management procedures such as Technical Standard Service System Construction, Product Management Mechanism, Software Development Control Procedure, System Integration Control Procedure, Internal Audit Control Procedure, and Risk and Opportunity Control Procedure in strict compliance with relevant laws and regulations such as the Product Quality Law of the People's Republic of China and Consumer Protection Law of the People's Republic of China, to continuously improve internal audit processes and methods for product quality, strictly guarantee information and privacy security of software products, and continuously promote improvement of the Company's product quality.

IN 2023

There was **no product recall** attributable to health and safety issues.

To implement the quality policy, the Company sets the following quality objectives and departmental quality management indicators to continuously improve the quality of products and services:

OBJECTIVES OF QUALITY MANAGEMENT

- Less than 3 errors in one thousand rows of codes
- First acceptance rate of over 98% in different phases of projects
- First pass rate of over 98% in review of technical proposals
- First acceptance rate of over 98% in purchased products

- Customer satisfaction rate of over 98% in after-sales services
- Error rate of less than 5% in document control
- No material nonconformity in initial audit, annual surveillance audit and re-evaluation of certification organizations

CONSTRUCTION OF A QUALITY MANAGEMENT SYSTEM

The Company has established a quality management system covering the whole process management of products and services, including software development, computer system integration services, sales, procurement, technical services and inspection. We monitor and measure relevant performance indicators, establish and adopt required guidelines and methods, formulate measures in response to risks and opportunities in the whole process management, and regularly carry out training on professional skills and quality management system as well as other improvement activities to ensure effective operation and control of the quality management system.

1. Passed the certification audit of ISO20000 Service Management System
2. Passed the certification audit of ISO27001 Information Security Management System
3. Passed the certification audit of ISO9001 Quality Management System

AS OF THE END OF THE REPORTING PERIOD

The Company **passed** the external audit of ISO9001, ISO20000, ISO27001 and other management system certifications.

PRODUCT QUALITY CONTROL

The Company attaches great importance to product quality control, formulates clear control measures, sets up special audit organizations in respect of different dimensions, including product boundaries, interactive experiences, service capabilities, naming and pricing, and strictly stipulates standards for product audit and product quality redlines.

Special training on product quality management

STANDARDS FOR PRODUCT AUDIT	**Product boundaries, product interactions and service guarantee capability:** The products are required to conform to all paradigm standards **Product naming:** Conform to 4Paradigm specifications for product naming **Product pricing:** Comply with internal requirements for supply prices
DIMENSIONS OF PRODUCT QUALITY REDLINE	Data security | Complete chain | Steady operation | Smooth upgrade

PRODUCT QUALITY IMPROVEMENT ACTIVITIES

The Company has built online context laboratories through platform-based design. As of the end of the reporting period, more than 20 context laboratories had been built, covering more than 80% of the Company's business scenarios. Based on a digital twin, the context laboratories simulate customer scenarios by presenting them in the form of algorithm arenas and 4Paradigm master lists. They have gone through more than 5,000 strategic iterations by more than 60 people, which have obviously improved the customers' actual business performance and enhanced the core competencies of products.

CUSTOMER COMPLAINT RESPONSE AND HANDLING MECHANISM

To fully protect the customers' rights and interests and continuously improve customer satisfaction, the Company has established a perfect customer complaint handling system, and formulated management rules such as Control Procedure for Nonconforming Products and Control Procedure for Corrective and Preventive Actions to guide, supervise and manage the its product quality complaints. We classify platform defects, clarify solutions and response time limits for fault events at different levels, and make sure of restoring the business systems within the shortest time dependent upon accident importance and urgency.

> **IN 2023**
>
> The Company received **0 complaints** regarding our products and services.

PERFORMANCE OF RESPONSIBLE PROCUREMENT

> **AS OF THE END OF THE REPORTING PERIOD**
>
> The Company has a total of **426** suppliers.

SUPPLIER MANAGEMENT

4Paradigm has formulated internal management rules such as Supplier Management Measures, Procurement Management Measures and Implementation Rules of Tender Management Measures to standardize the supplier management, clarify the responsibilities of procurement subjects and avoid procurement risks in strict compliance with pertinent laws and regulations. We actively urge our suppliers to behave incorruptibly, fulfill environmental and social responsibilities, and construct a complete, efficient and sustainable supply chain management system with the suppliers.

MANAGEMENT OF SUPPLIER ONBOARDING

The Company strictly manages supplier onboarding, conducts onboarding audit of the suppliers' qualification documents, quality assurance, production, delivery, social security contributions, Letter of Undertaking on Supplier Compliance and other aspects according to relevant procedures, and particularly evaluates the factors that may affect product quality and safety. In addition, the Company also establishes different supplier qualification requirements, evaluation standards and conditions for different categories of materials, with a view to performing comprehensive, scientific and rigorous assessment for supplier onboarding to ensure service quality of the suppliers.

MANAGEMENT OF SUPPLIER EVALUATION

The Company annually evaluates its suppliers according to different dimensions, including resource/technical support, response timeliness, service attitude, delivery timeliness, product quality and satisfaction with delivery. We regularly update the Supplier List and supplier status in the supplier system library according to the evaluation results, and manage the suppliers by class. We consider entering into strategic framework cooperation agreement first with the

> **IN 2023**
>
> The Company evaluated a total of **40 suppliers**, among which **95%** suppliers obtained **80** and higher scores, and **no supplier** was included in the grey list of suppliers.

suppliers we use over a long term. Those suppliers with score lower than 60 in the annual comprehensive evaluation will be included in the grey list of suppliers, and suspended from bidding for 12 months.

SUPPLIER RISK MANAGEMENT

The Company continuously increases the supply chain response speed, reduces costs and operational risks of the supply chain, performs quality management for and supervises the whole process of material supply. We continuously improve safe, timely, green and economical supply and quality management of materials by effectively performing regular special inspections of supply quality, quality inspections, regular audits and dynamic management, and actively building a digital supply chain management platform.

TOTAL NUMBER OF NEW SUPPLIERS

Bar chart data:
- 2021: 480 total (470 Suppliers of Mainland China, 10 HK, Macao, Taiwan and foreign suppliers)
- 2022: 419 total (406 Suppliers of Mainland China, 13 HK, Macao, Taiwan and foreign suppliers)
- 2023: 361 total (347 Suppliers of Mainland China, 14 HK, Macao, Taiwan and foreign suppliers)

Legend:
- Suppliers of Mainland China
- HK, Macao, Taiwan and foreign suppliers
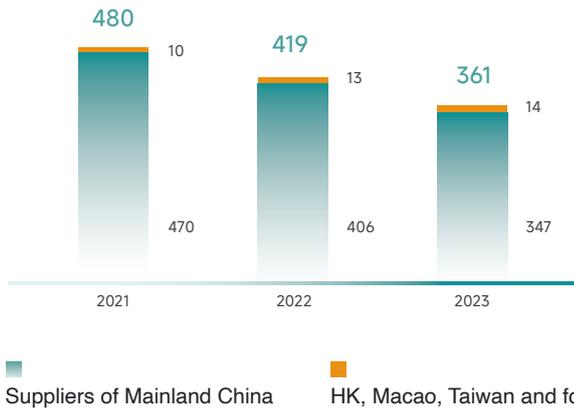
SUPPLIER MANAGEMENT	UNIT	2021	2022	2023
Percentage of purchasing specialists passing professional procurement training inside the Company	%	100	100	100

SUPPLIERS' INCORRUPTNESS BUILDING

To further promote the incorruptness building, 4Paradigm has formulated strict integrity clauses in the Tender Documents, anti-fraud and anti-money laundering clauses in the contracts. In addition, the Company and the accepted suppliers sign the Letter of Undertaking on Supplier Compliance, where the suppliers are expressly required to strictly abide by the Anti-Unfair Competition Law of the People's Republic of China, Law of the People's Republic of China on Tenders and Bids, relevant laws and regulations applicable to anti-fraud and anti-money laundering, to prevent commercial bribery, including but not limited to sending gifts, reimbursing expenses, offering commissions or rebates, arranging travel and entertainment, and offering securities, gift cards or other forms of benefits.

In case of any business operations against good faith, the Company accepts complaints from the suppliers through real-name whistle-blowing. We have also set up a department and create an email account for whistle-blowing.

> **IN 2023**
>
> **100%** of the suppliers signed the Letter of Undertaking on Supplier Compliance.

GREEN PROCUREMENT

The refrigeration systems of the Company's data centers are the main sources of energy consumption, so 4Paradigm will comprehensively consider geographical locations from which the data centers will be provided when selecting data center suppliers, and give priority to selecting those suppliers with climate advantages and full utilization of natural cold sources, in order to reduce the energy consumption arising from operation of the refrigeration systems. We also pay continuous attention to if the suppliers strictly abide by relevant national policies on energy conservation and low carbon.

EXCHANGES AND COMMUNICATIONS WITH THE SUPPLIERS

The Company regularly conducts field investigations of the key suppliers it cooperates in a long term to know about their office environment, production situation, warehousing, logistics, inventory turnover, and so on. Through visits and exchanges with the suppliers, we further judge their business development and business operations to evaluate their stability and sustainability.

In 2023, to maintain long-term stable and sustainable cooperation relationships with the suppliers, the Company organized several supplier exchange meetings face to face or in the form of video conferences or other forms. We particularly listened to the suppliers' opinions and suggestions, knew about the difficulties and challenges encountered by the suppliers in cooperation. Besides, we jointly analyzed market trends with the suppliers, looked for potential cooperation opportunities, made technological innovations, promoted R&D cooperation, controlled costs and optimized supply, etc., to promote joint sustainable development and construction in the industry of AI.

03

GREEN ECOLOGY AND SUSTAINABLE DEVELOPMENT

4Paradigm establishes and constantly improves the environmental management system, continuously carries out related work regarding use of energies and resources and waste management, and improves the Company's green operations by optimizing the management system, promoting green office and increasing the personnel's awareness of energy conservation and environmental protection.

Contributing to the UN SDGs:

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

USE OF ENERGIES AND RESOURCES

The Company strictly strengthens daily management of energies and other resources in compliance with laws and regulations related to environmental protection, including Energy Conservation Law of the People's Republic of China, Environmental Protection Law of the People's Republic of China and Circular Economy Promotion Law of the People's Republic of China. The main resources used by the Company are purchased electricity and municipal water, because the Company has no canteen or business vehicle of its own.

In terms of resource use, the Company attaches importance to efficient management of energy use, actively practises the concept of energy conservation and environmental protection, constantly optimizes the energy management system and maximizes energy utilization efficiency. We set up publicity signs for resource conservation in public areas, encourage the employees to recycle paper materials, advocate "paperless office", increase the employees' awareness of frugality, and arrange special personnel to supervise the use of resources, in order to reduce unnecessary waste of resources, and create a working atmosphere of "resource conservation" and "green office". By evaluating energy consumption intensity converted from this year's data and setting a baseline, we aimed at reducing electricity consumption over the next five years.

Regarding water resource utilization, the Company prevents waste of water resources, promptly corrects any waste of water resources, formulates different measures for water saving, and explores recycling of water resources. We purchase water-saving faucets and other facilities, and posts water conservation slogans in the water use areas to increase the employees' awareness of water conservation. By evaluating water consumption intensity converted from this year's data and setting a baseline, we aimed at reducing water consumption over the next five years.

> **IN 2023**
>
> In 2023, the Company encountered **no issues** in sourcing water sources.

CONCEPT INTEGRATION

The concept of green and low-carbon sustainable development is integrated into the daily operation and management of the Company.

ACTIONS OF ALL EMPLOYEES

The Company encourages paperless office, recycling of office supplies, and adjustment of unnecessary lighting time, other energy conservation and environmental protection measures; advocate the use of natural light in offices, meeting rooms and other places as much as possible. The air conditioning temperature in summer shall not be below 26°C. Posting energy conservation signs on different energy-consuming equipment to remind all employees of taking the initiative to save energy.

AWARENESS STRENGTHENING

Actively carry out publicity activities related to energy conservation and low carbon, and increase all employees' awareness of green environmental protection.

The data on purchased electricity and water resources in the recent two years are as follows:

DISCLOSED ITEM		UNIT	DATA	
			2022	2023
USE OF WATER RESOURCES	Purchased municipal water	Ton	6,136	2,623
	Total amount of recycled water/reclaimed water	Ton	3,014	2,921
	Total water consumption	Ton	6,136	2,623
	Water consumption intensity [2]	Ton/RMB'0000	0.0199	0.0620
ENERGY CONSUMPTION	Purchased electricity	KWh	834,485	924,447.16
	Total energy consumption	KWh	834,485	924,447.16
	Energy consumption intensity	KWh/RMB'0000	2.7071	2.1989

[2] The intensity from 2022 to 2023 was calculated based on the operating revenue nominated in RMB'0000.

POST ENERGY CONSERVATION SLOGANS, TO INCREASE THE AWARENESS OF ENVIRONMENTAL PROTECTION

In tea rooms, bathrooms and other areas where water is used, signs indicating "Save water" and "Save paper" are set up, to increase the employees' awareness of frugality and reduce waste of water resources.

IMPLEMENT MULTIPLE MEASURES TO IMPLEMENT GREEN OFFICE PRACTICES

The Company sets up paper recycling areas in the areas where copy paper is received, print areas on different floors. The employees put all waste single-sided paper in the cabinets of recycled paper. Those in need may get the recycled paper anytime, using them for sticking tickets, printing unimportant documents or as scratch paper, and so on. The Company rents printers. The used toner and ink cartridges are directly recycled by the suppliers. During the reporting period, the Company consumed 23 toner and ink cartridges, about 400 spent batteries and approximately 6,000 pieces of recycled paper.

OPTIMIZATION OF POLLUTION CONTROL

As an industry pioneer in the field of AI, 4Paradigm not only benefits the society with sciences and technologies, but also never forgets to fulfill its social responsibilities, attaches importance to environmental protection management, and strives to become an environment-friendly enterprise for sustainable development.

AS OF THE END OF THE REPORTING PERIOD

The Company was certified by ISO14001 Environmental Management System and issued the certificate.

In terms of waste management, the Company sorts out the garbage produced during daily office work, specially recycles and disposes of the hazardous wastes (including toner and ink cartridges) to prevent environmental pollution. On each floor, we post signs indicating "Save paper", supervise the employees' reuse of paper and reduce waste paper. To ensure effective implementation of energy conservation and emission reduction measures, we have established a special personnel supervision and assessment system to protect our long-term green development.

IN 2023

We set the long-term targets of **100%** appropriate disposal of waste and in compliance with relevant laws and regulations annually, **which has been achieved this year.**

The data on waste emissions in 2023 is as follows:

INDICATOR	UNIT	2023
Total hazardous wastes produced [3]	kg	114.68
Intensity of hazardous wastes	kg/ RMB'0000	0.00027
Total non-hazardous wastes produced [4]	kg	26.20
Intensity of non-hazardous wastes	kg/ RMB'0000	0.00006

[3] The main hazardous waste generated during the company's daily operations are toner cartridges, used dry batteries, and used computers.
Total hazardous waste = total hazardous waste disposed.

[4] The main non-hazardous waste generated during the company's daily operations is paper. Total non-hazardous waste = total non-hazardous waste disposed.

MANAGEMENT OF ELECTRONIC WASTES

The enterprises set up an area for recycling hazardous wastes at the front desk. When the employees get batteries, they shall deliver the used batteries to the front desk, and the administrative staff will replace the old batteries with new ones and recycle the waste batteries, in order to effectively optimize management of the electronic wastes.

Regarding greenhouse gas emissions management, our greenhouse gas emissions mainly arise from consumption of the purchased electricity in the course of our business operations. We actively take a greenhouse gas inventory, perform status quo analysis of our energy consumption and low-carbon development by combining quantitative measurement with qualitative evaluation, calculate our total carbon emissions and clarify the emission sources. We also analyze historical trends of carbon emissions and their present features, to identify the key emission sources. With 2023 as the base year, we set a goal of reducing the greenhouse gas emission intensity by 5% as of 2028.

GREENHOUSE GAS EMISSIONS	UNIT	2022	2023
Direct greenhouse gas emissions (Scope 1)	CO2 equivalent (in tonnes)	N/A	N/A
Indirect greenhouse gas emissions (Scope 2)	CO2 equivalent (in tonnes)	475.91	527.21
Total greenhouse gas emissions	CO2 equivalent (in tonnes)	475.91	527.21
Intensity of greenhouse gas emissions	CO2 equivalent (in tonnes)/ RMB'0000	0.0011	0.0013

GARBAGE SORTING

The Company sets up a centralized garbage sorting area on each floor, but places no personal garbage bins at the workstations to foster the awareness of classification. Publicity is made by posting through WeChat official accounts and workplace posters to cultivate the employees' habit of conscious garbage sorting.

ENERGY CONSERVATION AND EMISSION REDUCTION

To effectively implement measures such as energy conservation and emission reduction, the Company has formulated rules for evaluating community property (security and cleaning), which clearly specify the requirements, opening and closing hours. The use of resources is supervised and the evaluated items are scored. If the work is not carried out as required, score/payment will be deducted according to corresponding standards. Strengthen the management mode of incentive evaluation, and fulfillment of responsibility for energy conservation and emission reduction, and effectively reduce the waste of energies and resources, to provide a strong guarantee for the Company's green operation.

04

TECHNOLOGIES FOR SOCIAL GOOD AND INTELLIGENCE FOR GOOD

4Paradigm continuously protects legitimate rights and interests of the employees, provides employee welfare and care, cares for the employees' occupational health, pays attention to personnel training, and strives to create a fair and harmonious working environment, to its facilitate high-quality sustainable development. Besides, we shoulder social responsibilities, actively give back to the society, and solve social problems with AI technologies, to drive sustainable development of the society.

Contributing to the UN SDGs:

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
14 LIFE BELOW WATER
15 LIFE ON LAND

PROTECTION OF EMPLOYEE RIGHTS AND INTERESTS

4Paradigm strictly abides by relevant laws, regulations and provisions such as Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labor, Universal Declaration of Human Rights and International Labor Conventions. We strictly ban employment of child labor or forced labor and restriction of the employees' freedom, etc. We also ban discrimination against and disparate treatment of the employees in any form during recruitment on the grounds of nationality, race, gender, religion, age, physical health, marriage and childbearing, etc.

The Company strictly reviews the job applicants' identity information during the recruitment to ensure that the recruitment complies with laws and regulations and avoid employment of child labor. During the reporting period, the Company did not employ child or forced labor in violation of laws or regulations. In the fourth quarter of each year, we cooperate with social service centers for the disabled to hire the disabled according to our actual employment needs. In 2023,a total of 7 employees were disabled in the Company.

The Company has established and strictly implemented a lifecycle management system for workers. We regularly provide feedback regarding different systems and procedures and optimize them, including but not limited to the Employee Handbook, Management Measures for Job Transfer, Incentive Management Measures, Remuneration Management Measures, Holiday Management Measures and Training Management Measures, to ensure the compliance of employment and truly protect the employees' legitimate rights and interests.

The Company has build an Ethics Committee, where special personnel are appointed to supervise and manage employee behaviors such as sexual harassment, corruption and bribery. The employees can report violations of regulations and disciplines through special mailbox or by letters, etc. The Company investigates and deals with such behaviors in time in accordance with its rules.

TYPE	INDEX		TOTAL NUMBER OF EMPLOYEES	TOTAL NUMBER OF EMPLOYEES TURNOVER
EMPLOYMENT	Total(Note: Number of employees as of the end of the current fiscal year, the same here below)		1,801	956
	By gender	Male	1,314	678
		Female	487	278
	By type of employment	Labor contract system	1,627	714
		Dispatch system	5	0
		Other	169	242
	By age	51 and above	16	6
		41-50	146	65
		31-40	742	309
		30 and below	897	576
	By area	Employees working in Mainland China	1,787	951
		Employees working in HK, Macao and Taiwan of China	4	1
		Employees working in other countries	10	4
	By rank	Total number of grassroots employees	1,506	/
		Total number of employees in senior and middle management	293	/
		Number of female employees in senior and middle management	47	/
		Number of male employees in senior and middle management	244	/

EMPLOYEE RIGHTS AND INTERESTS

Percentage of employees signing labor contracts
100%
Coverage of social insurances
100%

NEW EMPLOYEES(PERSON)

NEW EMPLOYEES BY GENDER
218
568

Male Female

NEW EMPLOYEES BY AGE
2
32
258
494

51 and above 41-50
31-40 30 and below
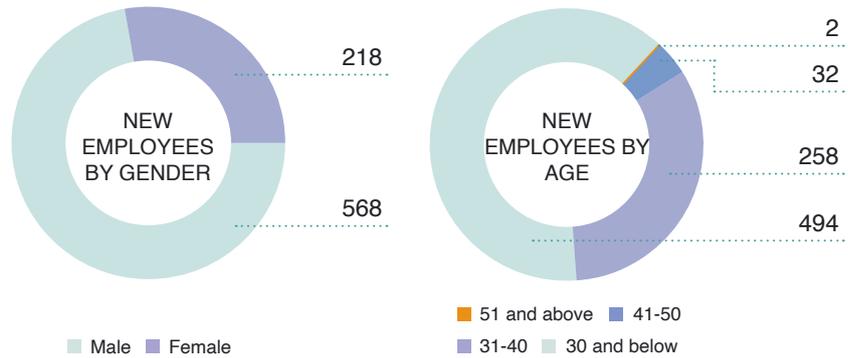
OCCUPATIONAL HEALTH AND SAFETY

4Paradigm attaches great importance to the employees' occupational health and safety. We strictly abide by relevant laws and regulations, such as the Labor Law of the People's Republic of China, Fire Control Law of the People's Republic of China. Constantly improving our occupational health and safety management system, we have passed the certification of ISO 45001 Occupational Health and Safety Management System, thus protecting the employees' health and safety in an all-round manner.

The Company deploys requisite safety equipment and sticks safety prompts in offices. We annually organize "Safety Month" activities and prepare a range of safety-related interactions and knowledge, to enable the employees to understand safety hazards and skills in an "immersed" manner, increase the employees' safety awareness, and create safe, carefree office environment.

Safety Month

Safety Slogans and Self-service Disinfection Desk

The Company advocates health work. We provide the employees with annual physical examination, psychological consultation and massage services, etc. We have also drawn up "decent health plans", which cover thematic health salons, weekly fixed corporate fitness classes, discounts for simple gymnasiums within and around the Company. We care about the employees' physical and mental health.

EMPLOYEE HEALTH AND SAFETY INDEX			
EMPLOYEE HEALTH AND SAFETY	Days lost due to work injury	Day	81
	Number of employees dying of work	Person	0
	Number of employee in posts with risks of occupational diseases	Person	0
	Ratio of exposure to occupational hazards	%	0
	Number of employees with occupational diseases	Person	0
SAFETY INCIDENTS AND PERSONNEL	Number of employees with work-related injuries	Person	3
	Number of work-related injuries	/	3
	Mortality rate of work-related injuries	%	0
	Number of employees with occupational diseases	Person	0
	Number of work-related deaths	/	0
	Number of employees dying of work	Person	0
	Mortality rate per million working hours	%	0
HEALTH AND SAFETY INVESTMENTS	Investments in the employees' occupational health and safety	RMB'0000	31.4745

FOCUSING ON TALENT DEVELOPMENT

UNBLOCKING CAREER DEVELOPMENT CHANNELS

The Company fully opens its promotion channels, and constructs a career development system integrating dual-track growth of technologies and businesses, goal-oriented enterprise cultures and internal low-cost entrepreneurship platform. We provide the employees with adequate freedom and space for innovation so that they can give play to their potentials to a greater extent. Create an OKR system for work. The technical employees can put forward topics in combination with their own interests and based on their judgement of the customers' present and future potential needs. Facilitate double-track development of technologies and businesses. The employees can advance ahead nonstop under a technical system, or new business units or subsidiaries can be established under a paradigm incubation system, where the employees can be promoted as CTO or CEO.

CONSTRUCTING AN EMPLOYEE TRAINING SYSTEM

Customize exclusive training plans based on the career development paths of the employees in different posts, including new employee training with diverse courses, general skills trainings, professional skills training for core posts, and phased leadership training. Establish a mechanism for evaluating training effectiveness in light of the Company's development and training management measures. Evaluate the training effectiveness through training customer satisfaction survey, employee interview and efficiency evaluation. Promptly adjust and optimize the training plans as required by the employees.

IN 2023

The Company organized **26** training sessions, including **4** sessions for new employees, attended by **85** employees; **8** sessions for students recruited from schools, attended by **24** employees; **4** sessions of general skills training, attended by **139** employees; **2** sessions of leadership training, attended by **20** employees; and **8** sessions of professional training, attended by **25** employees.

Promote a plan for **"exclusive training of students recruited from universities"**. Help all employees recruited from universities to adapt to their identity change from students to employees by taking general courses, professional courses, and off-the-job courses on enterprise cultures, and through autonomous learning based on 4Paradigm list of books, led by senior engineers and department managers as their mentors in their workplaces.

Establish a coach system for the chief technology officer to instruct **technical talents**. Organize sharing sessions with industry leaders and 1-to-1 mentoring on a weekly basis. Establish a complete industry-academia-research system. Cooperate with several domestic and foreign top universities as well as famous external mentors to train talents.

In respect of front-end sales and AI transformation partners (ATPs), launch a coach system where the Company's management and senior ATPs act as mentors, who offer practical guidance for specific cases on customer transformations with paradigm transformation methodology. Organize front-end and backend communication meetings and senior sales counseling so that every front-end paradigm employee can better understand the core pain points of customers and achieve goals.

To improve the employees' general skills and improve their work efficiency, general skills training is conducted, covering Logical Thinking and Expression, Problem Analysis and Solving and Game Thinking.

EMPLOYEE DEVELOPMENT AND TRAINING		2023
TOTAL NUMBER OF EMPLOYEES TRAINED (PERSON)		222
TOTAL SESSIONS OF TRAINING (/)		26
NUMBER OF LECTURERS AS AT THE END OF 2023 (PERSON)		1
BY GENDER	Number of male employees (Person)	120
	Number of female employees (Person)	102
BY EMPLOYEE TYPE	Number of grassroots employees (Person)	201
	Number of employees in senior and middle management (Person)	21
TOTAL TRAINING HOURS OF EMPLOYEES (H)		2,244
AVERAGE TRAINING HOURS PER EMPLOYEE (H)		8.28
BY GENDER	Male employees (h)	8.97
	Female employees (h)	7.52
BY EMPLOYEE TYPE	Grassroots employees (h)	7.68
	Employees in senior and middle management (h)	15.43

PROVIDING DIVERSE BENEFITS

The Company has created highly competitive salary and incentive systems, including adjusting salary twice a year, and providing five insurances, housing provident fund and supporting commercial insurances; offering comprehensive employee benefits, organizing diverse interesting corporate cultural and community activities, and continuously improving the employees' sense of gain, belonging and happiness.

SALARY AND BENEFIT SYSTEM

BENEFIT GIFT SETS
Birthday, marriage and childbirth gift sets

HOLIDAY GIFTS
Custom gifts for Dragon Boat Festival, Women's Day, Mid-Autumn Festival, traditional Chinese Spring Festival and other festivals

PAID ANNUAL LEAVE
Apart from the annual leave specified by the state, additionally provide 5-10 days of annual leave based on seniority

ADJUST SALARY TWICE A YEAR

COMPETITIVE SALARY

EMPLOYEE CLUBS
Clubs for many types of activities, including football, frisbees, board games, basketball and badminton

SUBSIDIES
Meal subsidy + traffic subsidy

ANNUAL PHYSICAL EXAMINATION
Annually organize 1 collective physical examination

FREEDOM TO SNACK + AFTERNOON TEA

SIX INSURANCES AND ONE HOUSING FUND

WORK ENVIRONMENT AND DEMOCRATIC COMMUNICATIONS

The Company is committed to providing the employees with safe, comfortable and relaxing work environment. We care for our employees' demands and opinions, and keep the lines of communication open.

IN 2023

1 meeting was held for the employee representatives, and the employee satisfaction rate was **93%**.

- Flexible working hours
- Open work stations, diverse talents' backgrounds and flat teams shape equal and frank communication atmosphere.
- Create humanized environment and pay attention to all unique needs. Set up gymnasium, mediation room, nursery room, game room, sleep room, library and tea area, etc.
- Hold QBR for all employees' communications and actively respond to the questions submitted by the employees; establish complete business notification and internal publicity mechanisms, and respond to the employees' care about the Company's development.

Gym

Tea area

Mediation room

Book area

CARE FOR FEMALE EMPLOYEES

The Company sets up a nursery room, where refrigerators, book guides, storage racks and shading curtains, etc. are available. For the employees' use, provide more maternal and infant cleaning products, to improve the convenience and sense of happiness in use. Organize activities for the Women's Day; distribute RMB 100 to each female employee as shopping subsidy and send souvenirs; organize lottery and eyebrow trimming, to show respect and care for the female employees.

EMPLOYEE ACTIVITIES

The Company builds and publishes brand-new corporate cultures through senior executives' co-creation, employee survey, cultural values workshop and so on. Make the corporate cultures penetrate deep down in the hearts of the employees through letters to all employees, corporate culture seminars of departments, internal publicity and cultural evaluation activities - evaluation of paradigm figures and teams in 2022, and other activities. In addition, the Company attaches importance to employee care, leads a number of cultural and caring activities in combination with the corporate cultures, to create a happy, harmonious and sustainable corporate atmosphere.

ORGANIZE FESTIVAL ACTIVITIES

Including company celebrations, annual meetings, team building, birthday parties, workplace anniversaries, and "finger snapping" skills competitions.

HAND OUT FESTIVAL GIFTS

Hand out festival gifts: including gifts for Paradigm Family Day, birthday parties, workplace anniversaries and childbirth, as well as characteristic peripherals for festivals and so on.

ESTABLISH INTEREST CLUBS

Including bow and arrow, frisbee, board game, football, table tennis, basketball and motorcycle clubs. Provide the clubs with different types of support from sites to funds.

Employee Activities   Employee birthday parties

SUPPORT PUBLIC WELFARE AND CHARITY

On the premise of guaranteeing its own development, the Company actively shoulders social responsibilities and invests considerable funds, manpower and materials in rural revitalization, cultural education, environmental protection, etc. to serve people's livelihood. Based on our principal business, we facilitate community development, solve social problems and protect endangered animals through science and technologies, giving back to the society with real actions.

IN 2023

The total amount of funds donation from 4Paradigm is **RMB 250 thousands**, including **RMB 200 thousands** in education, **RMB 50 thousands** for the Zhongguancun Unicorn Company Development Alliance.
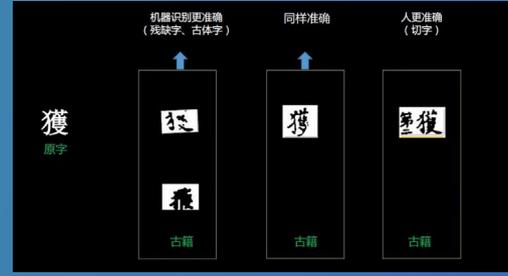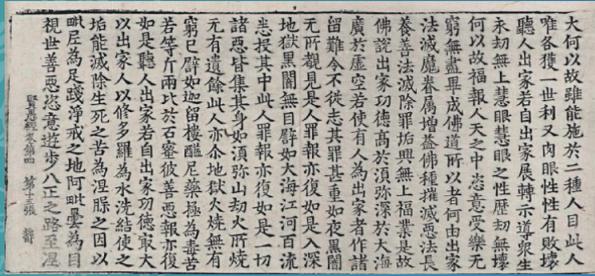
Highlight Project 1

AI ASSISTS IN THE RESTORATION OF ANCIENT BOOKS

Tripitaka is the highest scripture of Chinese Buddhism and has unparalleled cultural value. In order to preserve and pass down Tripitaka permanently, a Buddhist college recruited 30,000 volunteers to digitize Tripitaka.

THE CURRENT SITUATION OF ANCIENT BOOKS (HEADED BY TRIPITAKA)

● **Large quantity** | according to the statistics of the National Library, the total number of ancient books owned by various public collections in the country exceeds 50 million, and the approximate number of ancient books that need to be repaired is 15 million.

● **Cultural significance** | taking Tripitaka as an example, it is a complete collection of all Buddhist scriptures and the highest scripture of Chinese Buddhism. In the Indian subcontinent, the birthplace of Buddhism, the original Buddhist scriptures have disappeared, and only the Chinese translations have been preserved. The dozens of officially printed Tripitaka that emerged in China over a thousand years are regarded as the contribution of Chinese civilization to the development of world culture. To sum up, the cultural and social significance of ancient books is evident.

● **Variety and complexity** | the ancient books headed by Tripitaka have collections of multiple versions and scripts. In the specific descriptions of different versions and scripts, there will also be deformations of characters, forming a large number of variant characters and rare characters. According to incomplete statistics, there are billions of characters in Tripitaka, posing great challenges to the protection and restoration of ancient books.
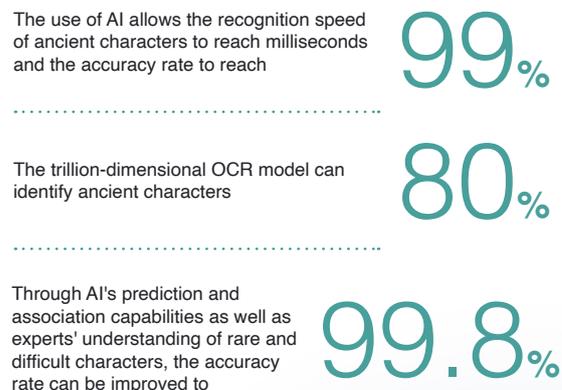
TECHNICAL DIFFICULTIES

● **The process is complex** | the digitization of Tripitaka requires manual extraction, recognition, and re-entry.

● **Time-consuming** | all the Tripitaka existing in the world are severely damaged and extremely difficult to identify. It would take decades or even centuries to complete the collation by relying on manpower.

● **Extremely difficult** | because of ancient books' inherent fragility, plenty of rare ancient books are being acidified at a faster and faster speed.

With the power of AI, the restoration speed of cultural ancient books will greatly accelerate, better promote the inheritance and development of civilization, and deepen and broaden the inheritance and dissemination of ancient books culture.

4Paradigm and the Buddhist college carried out a cultural project on "identification of ancient books with AI". Using the deep learning technology of AI, 4Paradigm builds a model for character feature recognition and a huge network structure based on OCR recognition technology, to digitize and recognize the billions of ancient characters that exist on different carriers. Then, through extensive data training, it acquires the ability to recognize Chinese characters in ancient books, standardize rare characters, and identify and preserve massive Chinese characters by utilizing prediction, association, and self-evolution capabilities. Finally, the machine completes the heavy work of recognition and entry. This solution signifies that AI plays important roles in preserving the rare ancient books and inheriting civilizations.

HIGHLIGHT AND PERFORMANCE

The use of AI allows the recognition speed of ancient characters to reach milliseconds and the accuracy rate to reach **99**%

The trillion-dimensional OCR model can identify ancient characters **80**%

Through AI's prediction and association capabilities as well as experts' understanding of rare and difficult characters, the accuracy rate can be improved to **99.8**%

Highlight Project 2

AI FACILITATES PROTECTION OF ENDANGERED ANIMALS

In recent years, China has systematically implemented the protection project for critically endangered wildlife. The infrared cameras are used to monitor and track animals' "daily life" in fields, to analyze their health status and monitor human poaching. Due to many unbreakable technical difficulties in infrared detection, a national wildlife reserve has joined hands with 4Paradigm to break through the existing difficulties through AI technology.

THE BASIC SITUATION OF THE NATIONAL WILDLIFE RESERVE

● **Rich species** | there are 51 kinds of nationally protected animals, including more than 10 first-class protected animals such as pandas, golden monkeys, takins, leopards, and etc.

● **Large area and complex environment** | the total area is 183,799 hectares with a forest coverage rate of 87.3%.

● **Manual recording requires a large workload and is inefficient** | recording signs of animal activity, including footprints, feces, carcasses, and even roars.

TECHNICAL DIFFICULTIES

● **High quantity** | tens of millions of dynamic videos need to be processed, and manual annotation and recognition are too inefficient.

● **Low quality** | animals move at high speeds, resulting in blurry images; the environment is complex, and animals may be obscured; animals have similar appearances, making them difficult to identify.

● **Untimely** | if relying solely on manpower, it takes three months to classify animals from the recovered monitoring photos each time, making it difficult to obtain important data in a timely manner and to provide timely warnings for poaching.

With the power of AI, 4Paradigm reverses the trend of malicious decline in species population, making the wildlife protection process simpler and the guarding method more effective.

Using AI-based image classification and object detection technologies, quickly and accurately identify animal species and improve manual detection efficiency; through real-time dynamic monitoring, provide timely data support and prediction for animals' health status and habits. In addition, through leading automated machine learning, greatly reduce repetitive work of experts, and identify all kinds of animals at extremely low costs.

HIGHLIGHT AND PERFORMANCE

The accuracy rate of animal recognition through AI-based image technology reaches **98%**

The time has been shortened from 3 months to 1 week, and the efficiency has been improved by **1,200%**

APPENDIX 1. LIST OF KEY PERFORMANCE INDICATORS AND DATA

ESG INDICATORS	UNIT	2022	2023
A ENVIRONMENT			
A1 EMISSIONS			
A1.1 THE TYPES OF EMISSIONS AND RESPECTIVE EMISSIONS DATA			
Nitrogen oxides (NOx)	Ton	N/A	N/A
Sulphur oxides (SOx)	Ton	N/A	N/A
Particulate matter (PM)	Ton	N/A	N/A
A1.2 DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GREENHOUSE GAS EMISSIONS AND INTENSITY			
Direct greenhouse gas emissions (Scope 1)	CO_2 equivalent (in tonnes)	N/A	N/A
Indirect greenhouse gas emissions (Scope 2) [5]	CO_2 equivalent (in tonnes)	475.91	527.21
Total greenhouse gas emissions	CO_2 equivalent (in tonnes)	475.91	527.21
Intensity of greenhouse gas emissions	CO_2 equivalent (in tonnes)/RMB'0000	0.0011	0.0013
A1.3 TOTAL HAZARDOUS WASTES PRODUCED AND INTENSITY			
Total hazardous waste	kg	/	114.68
Hazardous waste intensity	kg/RMB'0000	/	0.00027
A1.4 TOTAL NON-HAZARDOUS WASTES PRODUCED AND INTENSITY			
Total non-hazardous waste	kg	/	26.20
Non-hazardous waste intensity	kg/RMB'0000	/	0.00006
A2 USE OF RESOURCES			
A2.1 DIRECT AND INDIRECT ENERGY CONSUMPTION BY TYPE IN TOTAL AND INTENSITY			
I. Direct energies			
Direct energy consumption	KWh	N/A	N/A
II. Indirect energies			
Purchased electricity	KWh	834,485	924,447.16
Indirect energy consumption	KWh	834,485	924,447.16

[5]Scope 2 GHG emissions are mainly derived from indirect GHG emissions from electricity purchased by the company's operations/production processes, calculated with reference to the document "Appendix 2: Reporting Guidance on Environmental KPIs" of the Hong Kong Stock Exchange. Among which, the power emission factor adopts the national grid average emission factor of 0.5703t CO_2/MWh in the "Notice on Improving the Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises from 2023 to 2025(《关于做好 2023—2025 年发电行业企业温室气体排放报告管理有关工作的通知》)" issued by the Ministry of Ecology and Environment on February 7, 2023.

ESG INDICATORS		UNIT	2022	2023
Total energy consumption		KWh	834,485	924,447.16
Intensity of total energy consumption		KWh/RMB'0000	2.7071	2.1989
A2.2 WATER CONSUMPTION IN TOTAL AND INTENSITY				
Purchased municipal water		Ton	6,136	2,623
Total amount of recycled water/reclaimed water		Ton	3,014	2,921
Total water consumption		Ton	6,136	2,623
Intensity of water consumption		Ton/RMB'0000	0.0199	0.062
A2.5 TOTAL PACKAGING MATERIAL USED FOR FINISHED PRODUCTS AND PER UNIT PRODUCED.				
Packaging materials for finished products		Ton	N/A	N/A
B SOCIETY				
B1 EMPLOYMENT				
B1.1 TOTAL WORKFORCE BY GENDER, EMPLOYMENT TYPE AND AGE GROUP				
Total workforce		Person	1,902	1,801
Number of employees by gender	Male	Person	1,390	1,314
	Female	Person	512	487
Number of employees by rank	Grassroots employees	Person	1,611	1,506
	Employees in middle and top management	Person	289	293
Number of employees by age	51 and above	Person	17	16
	41~50	Person	128	146
	31~40	Person	714	742
	30 and below	Person	1,043	897
Number of employees by geographical region	Mainland China	Person	1,886	1,787
	Hong Kong, Macao and Taiwan	Person	4	4
	Other countries and regions	Person	12	10
B1.2 EMPLOYEE TURNOVER RATIO BY GENDER, AGE GROUP AND REGION				
Total number of leaving employees		Person	710	956
Total employee turnover rate		%	/	35.57

ESG INDICATORS		UNIT	2022	2023
Turnover rate by gender	Male	%	34.2	51.6
	Female	%	45.9	57.1
Turnover rate by age	51 and above	%	29.4	37.5
	41~50	%	32.0	44.5
	31~40	%	29.6	41.6
	30 and below	%	43.4	64.2
Turnover rate by geographical region	Mainland China	%	37.3	53.2
	Hong Kong, Macao and Taiwan	%	25.0	25.0
	Other countries and regions	%	50.0	40.0
B2 HEALTH AND SAFETY				
B2.1 NUMBER AND RATE OF WORK-RELATED FATALITIES OCCURRED IN EACH OF THE PAST THREE YEARS				
Number of work-related fatalities		Person	0	0
Ratio of work-related fatalities		%	0	0
B2.2 DAYS LOST DUE TO WORK INJURY				
Days lost due to work injury		Day	5	81
B3 DEVELOPMENT AND TRAINING				
B3.1 PERCENTAGE OF EMPLOYEES TRAINED BY GENDER AND EMPLOYEE CATEGORY				
Ratio of employees trained to total number of employees		%	33.1	38.7
By gender	Male	%	53.2	54.1
	Female	%	46.8	45.9
By rank	Grassroots employees	%	91.6	90.5
	Employees in middle and top management	%	8.4	9.5
B3.2 THE AVERAGE TRAINING HOURS COMPLETED PER EMPLOYEE BY GENDER AND EMPLOYEE CATEGORY				
Average training hours per employee		h/person	9.71	8.28
By gender	Male	h/person	10.63	8.97
	Female	h/person	6.87	7.52

ESG INDICATORS		UNIT	2022	2023
By rank	Grassroots employees	h/person	8.39	7.68
	Employees in middle and top management	h/person	14.07	15.43

B5 SUPPLIER MANAGEMENT

B5.1 NUMBER OF SUPPLIERS BY GEOGRAPHICAL REGION

Total number of suppliers		/	/	426
By geographical region	Suppliers of Mainland China	/	/	411
	HK, Macao, Taiwan and foreign suppliers	/	/	15

B6 PRODUCT RESPONSIBILITY

B6.1 PERCENTAGE OF TOTAL PRODUCTS SOLD OR SHIPPED SUBJECT TO RECALLS FOR SAFETY AND HEALTH REASONS

Ratio of this type of products to total quantity of the sold/or transported products	%	0	0

B6.2 NUMBER OF PRODUCTS AND SERVICE RELATED COMPLAINTS RECEIVED

Number of product complaints	/	0	0

B7 ANTI-CORRUPTION

B7.1 NUMBER OF CONCLUDED LEGAL CASES REGARDING CORRUPT PRACTICES BROUGHT AGAINST THE COMPANY OR ITS EMPLOYEES DURING THE REPORTING PERIOD AND THE OUTCOMES OF THE CASES

Number of concluded cases regarding corrupt practices	pcs	0	0

B7.3 ANTI-CORRUPTION TRAINING FOR DIRECTORS AND EMPLOYEES

Number of grassroots employees who attended anti-corruption training	Person	/	528
Average anti-corruption training hours per grassroots employees	h	/	4.5
Number of employees in middle and top management who attended anti-corruption training	Person	/	56
Average anti-corruption training hours per employees in middle and top management	h	/	6
Number of directors who attended anti-corruption training	Person	/	10
Average anti-corruption training hours per directors	h	/	6.5

B8 COMMUNITY INVESTMENTS

B8.2 RESOURCES CONTRIBUTED TO THE FOCUS AREA

Donation of funds and goods	RMB'0000	/	25
Total donation for public welfare and charity	RMB'0000	/	25

APPENDIX 2. INDEX TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

INSTRUCTIONS FOR USE: THIS PART IS USED IN THE GUIDE AND INDEX ON THE LAST PAGE OF THIS REPORT

SUBJECT AREAS, ASPECTS AND KEY PERFORMANCE INDICATORS	CONTENT AND INDEX	CORRESPONDING SECTION
A. ENVIRONMENTAL		
Aspect A1	**Emissions**	
General Disclosure	(a) The policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Optimization of Pollution Control
KPI A1.1	The types of emissions and respective emissions data.	Optimization of Pollution Control
KPI A 1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	Appendix 1. List of Key Performance Indicators and Data
KPI A1.3	Total hazardous waste produced, and where appropriate, intensity.	Optimization of Pollution Control
KPI A1.4	Total non-hazardous wastes produced, and where appropriate, intensity.	Optimization of Pollution Control
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Optimization of Pollution Control
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Optimization of Pollution Control
Aspect A2	**Use of Resources**	
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	Use of Energies and Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Energies and Resources
KPI A2.2	Water consumption in total and intensity.	Use of Energies and Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Energies and Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Energies and Resources
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	In view of the Company's business nature, this KPI was not regarded important

SUBJECT AREAS, ASPECTS AND KEY PERFORMANCE INDICATORS	CONTENT AND INDEX	CORRESPONDING SECTION
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Optimization of Pollution Control
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Optimization of Pollution Control
Aspect A4	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	In view of the Company's business nature, this KPI was not regarded important
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	In view of the Company's business nature, this KPI was not regarded important
B. SOCIAL		
Aspect B1	**Employment**	
General Disclosure	(a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protection of Employee Rights and Interests
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Protection of Employee Rights and Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Protection of Employee Rights and Interests
Aspect B2	**Health and Safety**	
General Disclosure	(a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Protection of Employee Rights and Interests
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Protection of Employee Rights and Interests
KPI B2.2	Days lost due to work injury.	Protection of Employee Rights and Interests
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Protection of Employee Rights and Interests
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Focusing on Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category(e.g. senior management, middle management).	Focusing on Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Focusing on Talent Development
Aspect B4	**Labour Standards**	
General Disclosure	(a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Protection of Employee Rights and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protection of Employee Rights and Interests

SUBJECT AREAS, ASPECTS AND KEY PERFORMANCE INDICATORS	CONTENT AND INDEX	CORRESPONDING SECTION
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Protection of Employee Rights and Interests
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Performance of Responsible Procurement
KPI B5.1	Number of suppliers by geographical region.	Performance of Responsible Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Performance of Responsible Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Performance of Responsible Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Performance of Responsible Procurement
Aspect B6	**Product Responsibility**	
General Disclosure	(a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Reinforcement of Quality Management
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Reinforcement of Quality Management
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Reinforcement of Quality Management
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Technical R&D and Innovations
KPI B6.4	Description of quality assurance process and recall procedures.	Reinforcement of Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information security
Aspect B7	**Anti-corruption**	
General Disclosure	(a) The policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Support Public Welfare and Charity
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Support Public Welfare and Charity
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Support Public Welfare and Charity

APPENDIX 3. READER'S FEEDBACK FORM

DEAR READER,

Thank you for reading this Report. To provide you and other stakeholders with more complete, professional and valuable information on the ESG report and development, and improve quality of our ESG report, we sincerely invite you to complete this feedback form as follows.

1. Are you satisfied with this Report as a whole?

Yes ☐   Average ☐   No ☐

2. Do you think this Report reflects the significant impacts of 4Paradigm upon social responsibilities?

Yes ☐   Average ☐   No ☐

3. Do you think the analysis on the stakeholders identified in this Report and their relationships with 4Paradigm is accurate and complete?

Yes ☐   Average ☐   No ☐

4. Do you think the information provided in this Report is comprehensive?

Yes ☐   Average ☐   No ☐

5. Do you think the information provided in this report is readable?

Yes ☐   Average ☐   No ☐

6. Are you satisfied with the overall layout of this Report?

Yes ☐   Average ☐   No ☐

7. Welcome to offer other opinions and suggestions on 2023 Environmental, Social and Governance (ESG) Report of 4Paradigm.

You can feed back your valuable opinions as follows:

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