Phancy Group Co., Ltd.
範式智能技術集團股份有限公司
(Formerly known as "北京第四範式智能技術股份有限公司Beijing Fourth Paradigm Technology Co., Ltd.")
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6682)

VOLUNTARY ANNOUNCEMENT (1) ENTERING INTO STRATEGIC COOPERATION (2) THE ENTERING INTO OF A LARGE MODEL API SERVICES FRAMEWORK AGREEMENT AND (3) SUBSCRIPTION FOR NEW SHARES OF HUANXI MEDIA

This announcement is made by Phancy Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

ENTERING INTO OF STRATEGIC COOPERATION

The board (the "**Board**") of Directors (the "**Director(s)**") is pleased to announce that, on May 19, 2026 (after trading hours), the Company and Huanxi Media Group Limited (the"**Huanxi Media**") entered into a strategic cooperation and joint venture framework agreement (the "**Framework Agreement**"), pursuant to which the parties to the Framework Agreement intend to establish a strategic partnership, through the establishment of a joint venture as a cooperation platform, by combining the Company's expertise in AI with Huanxi Media's industrial strengths in the film and television sector. This collaboration will focus on data cooperation and joint exploration of large model technologies in areas such as film and television production, interactive entertainment, game development, and intellectual property-related derivative products.

The parties will potentially cooperate in the following areas: (i) Data Cooperation: Huanxi Media shall provide relevant data for AI solutions and model training in the film and television sector; (ii) Model and Agent Research and Development: Development of large models and Agents for the film and television sector; (iii) Scenario Collaboration: Explore the implementation of AI solutions in the new cultural and entertainment sector; (iv) Co-Production and Creation: Utilise AI technology for joint production and creation of film and television content, as well as diversified derivative development of related intellectual properties; (v) Resources Cooperation: Explore in-depth resources collaboration; and (vi) Large Model API Services: Huanxi Media intends to use the license rights of the Large Model API on the Company's platform and pay the Company a fee based on the amount of Tokens consumed. Within three years of the Framework Agreement taking effect, the total target service amount for which fees will be paid to the Company based on Tokens consumption is expected to be no less than US$200 million.

THE ENTERING INTO OF A LARGE MODEL API SERVICES FRAMEWORK AGREEMENT

On May 19, 2026 (after trading hours), Phancy International Limited (the "**Phancy International**"), a wholly-owned subsidiary of the Company, entered into the first large model API services framework agreement (the"**API Services Framework Agreement**") with Huanxi Media for the Large Model Application Programming Interface (the "**API**") services. Pursuant to the API Services Framework Agreement, the Phancy International will provide the Huanxi Media with various Large Model API services at a total price of US$20,000,000 (equivalent to approximately HK$157,000,000 based on an exchange rate of US$1 = HK$7.85, the "**Service Fees**"), calculated based on the amount of Tokens consumed by Huanxi Media and its subsidiaries when applying AI in film and television production. The API Services Framework Agreement is valid for two years. Huanxi Media shall prepay the Service Fees to the designated entity of Phancy International within five (5) business days from the date of receipt of the payment notice from the Group.

The API Services Framework Agreement is the first formal procurement cooperation agreement between the two parties. The two parties will negotiate and enter into subsequent procurement agreements as appropriate, based on the actual consumption of Tokens and the progress of business.

SUBSCRIPTION FOR NEW SHARES OF HUANXI MEDIA

On May 19, 2026 (after trading hours), Phancy International entered into a subscription agreement with Huanxi Media, pursuant to which Phancy International has conditionally agreed to subscribe (the "**Subscription**") for 731,294,472 shares of Huanxi Media (the "**Subscription Share(s)**") at the price of HK$0.275 per share of Huanxi Media. Completion of the Subscription is subject to a number of conditions precedent, including but not limited to obtaining the approval of the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the listing of, and permission to deal in, all the Subscription Shares. Upon completion of the Subscription, Phancy International will hold approximately 14.30% of the total number of issued shares of Huanxi Media as enlarged by the Subscription.

Huanxi Media is an investment holding and film investment company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1003), and its subsidiaries are principally engaged in media and entertainment related businesses, including development and investment in films and TV programmes rights, as well as operation of an online video platform. The Subscription will involve in-depth cooperation around the AI + cultural and creative content sector, including data co-construction, model R&D, scenario implementation, content co-creation, resource linkage and technical services, thereby enhancing the overall revenue of the Group.

To the best of the Directors' knowledge, information and belief, Huanxi Media and its ultimate beneficial owners are independent third parties independent of the Company and its connected persons. As all applicable percentage ratios (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) in respect of the Subscription are less than 5%, the Subscription does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

By order of the Board
Phancy Group Co., Ltd.
範式智能技術集團股份有限公司
Dr. Dai Wenyuan
Chairman and Executive Director

Hong Kong, May 19, 2026

As at the date of this announcement, the executive Directors are Dr. Dai Wenyuan, Mr. Chen Yuqiang and Mr. Yu Zhonghao; the non-executive Directors are Dr. Yang Qiang, Mr. Dou Shuai and Mr. Zhang Jing; the independent non-executive Directors are Mr. Li Jianbin, Mr. Liu Chijin, Ms. Ke Yele and Mr. Pan Jialin; and the employee representative Director is Mr. Chai Yifei.