Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

DISCLOSEABLE TRANSACTION
SALE AND LEASE BACK ARRANGEMENTS

SALE AND LEASE BACK ARRANGEMENTS

On August 7, 2026 (after trading hours), Phancy Beijing (a direct wholly-owned subsidiary of the Company) and Huaxia Financial Leasing entered into the Sale and Lease Back Agreement in relation to the Sale and Lease Back Arrangements of the Leased Assets.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Sale and Lease Back Arrangements exceeds 5% but is less than 25%, the entering into of the Sale and Lease Back Arrangements constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On August 7, 2026 (after trading hours), Phancy Beijing (a direct wholly-owned subsidiary of the Company) and Huaxia Financial Leasing entered into the Sale and Lease Back Agreement in relation to the Sale and Lease Back Arrangements of the Leased Assets.

THE SALE AND LEASE BACK AGREEMENT

The principal terms of the Sale and Lease Back Agreement are summarised below:

Date	:	August 7, 2026 (after trading hours)
Parties	:	(i) Phancy Beijing (as the seller and lessee); and (ii) Huaxia Financial Leasing (as the purchaser and lessor).
Leased Assets	:	Servers and accessories owned by the Lessee
Total Transfer Consideration for the Leased Assets	:	The total transfer payment for the Leased Assets is RMB691,875,000.00 (the "**Transfer Consideration for the Leased Assets**"), which was determined after arm's length negotiations between the parties with reference to the unaudited net book value of the Leased Assets as at July 31, 2026 of approximately RMB700 million. The Transfer Consideration for the Leased Assets is payable by the Lessor in a lump sum after the following conditions are met: (1) the Sale and Lease Back Agreement and other relevant legal documents have been legally and validly signed and have all become effective; (2) the Lessor has received the original (if any) and copies of the title certificates and other ownership documents of the Leased Assets; (3) all guarantee documents and security interests related to the Sale and Lease Back Agreement have become effective; (4) the Lessor has received from the authorized body of the Lessee the resolutions of the board of directors/general meeting approving the relevant Sale and Lease Back Arrangements transaction between the Lessor and the Lessee; (5) the Lessor has received from the authorized body of the guarantor the resolutions of the board of directors/general meeting and announcement (if required) approving the provision of guarantee for the relevant Sale and Lease Back Arrangements transaction between

the Lessor and the Lessee; (6) the Lessor has received from the Lessee the Acceptance Certificate of the Leased Assets and its related property title documents as well as all other relevant materials and documents stipulated in the schedule to the Sale and Lease Back Agreement; (7) the Lessee is not in default under the Sale and Lease Back Agreement and other contracts, agreements or undertakings signed with or issued to the Lessor; (8) insurance coverage for the Leased Assets has been arranged; (9) the Leased Assets have been registered with the relevant registration authorities; (10) the Lessor has received the Payment Notice issued by the Lessee; (11) all other transaction conditions or relevant procedures stipulated in the Sale and Lease Back Agreement and the lease schedule have been completed; (12) at the time the Lessor pays the Transfer Consideration for the Leased Assets, there are no significant changes in national fiscal, monetary, financial supervision and other policies, and the payment of the Transfer Consideration for the Leased Assets does not constitute new hidden debt of local governments; (13) other documents and materials reasonably required by the Lessor. These Transfer Consideration for the Leased Assets shall be paid on or before January 17, 2027.

As the leased assets are new servers purchased by the Group in 2026, no net profit before or after tax was attributable to the Leased Assets for either of the two financial years ended December 31, 2024 and 2025.

Lease Term : The lease term is 60 months, commencing from the lease commencement date (i.e., the date of payment of the Transfer Consideration for the Leased Assets). The actual lease commencement date shall be subject to the time specified in the Rental Payment Schedule.

Total Lease Payment	:	The lease principal is RMB691,875,000.00. The interest rate for the lease is a floating interest rate, calculated based on the Loan Prime Rate (LPR) for a term of five years or more published by the National Interbank Funding Center on June 22, 2026 plus 10 BP, which is 3.6%. During the term of the agreement, the lease interest rate will be adjusted once a year starting from the year following the payment of the Transfer Consideration for the Leased Assets, with the adjustment starting from the first rent payment date. The adjustment benchmark is the Loan Prime Rate (LPR) for the corresponding period in the latest month at the time of the lease interest rate adjustment, and the plus/minus BP value will remain unchanged during the contract period. The lease principal and interest were agreed upon by the parties after arm's length negotiations, with reference to the net book value of the Leased Assets and the prevailing market price of comparable financial leasing products in the PRC. Such lease principal and interest shall be paid in 20 equal instalments, with the first payment date being November 30, 2026. For illustrative purposes only, assuming that the lease interest rate remains at 3.6% throughout the lease term, the aggregate lease principal and interest would amount to RMB761,841,486.00. The specific actual interest shall be based on the interest calculated as stipulated in the above paragraph.
Guarantee Arrangements	:	The Company will provide a joint and several liability guarantee for the Lessee's performance of the Sale and Lease Back Agreement and its schedules, appendices and other related documents. In addition, Phancy Beijing will provide a pledge guarantee for the Sale and Lease Back Agreement over the right to charge fees arising from service agreements and other related documents signed with its customers in respect of the relevant Leased Assets, as well as the accounts receivable and related rights and interests generated based on such right to charge fees.
Ownership	:	From the date of payment of the Transfer Consideration for the Leased Assets, the ownership of all Leased Assets will be transferred to the Lessor. After the end of the lease term, the Leased Assets will be repurchased by the Lessee at a repurchase price of RMB1.

FINANCIAL IMPLICATIONS OF ENTERING INTO THE SALE AND LEASE BACK ARRANGEMENTS

According to International Financial Reporting Standard 16 "Leases" issued by the International Accounting Standards Board, the Sale and Lease Back Arrangements are expected to be accounted for as a financing arrangement. Therefore, the Group does not expect to recognise any gain or loss on the disposal of the Leased Assets. At the end of the lease term, the ownership of the Leased Assets will be transferred back to the Lessee upon payment of a nominal repurchase price. Therefore, in substance and in terms of accounting treatment, the Sale and Lease Back Arrangements are in effect very similar to a secured borrowing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND LEASE BACK ARRANGEMENTS

The Directors are of the view that the Sale and Lease Back Arrangements will help our Group obtain liquidity to meet its business operation and working capital needs and broaden our Group's financing channels without affecting the continuous use of the Leased Assets. The Transfer Consideration for the Leased Assets received by our Group under the Sale and Lease Back Agreement will be used for supplementing working capital.

The terms of the Sale and Lease Back Agreement were entered into by the parties on normal commercial terms after arm's length negotiations. The Directors are of the view that the terms of the Sale and Lease Back Agreement and the Sale and Lease Back Arrangements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in the full-stack AI cloud service platform business and in providing Application Programming Interface (API) and Agentic AI services.

The Lessee

Phancy Beijing is a limited liability company established under PRC law, principally engaged in the R&D and sales business related to AI cloud platforms, and is a direct wholly-owned subsidiary of the Company.

The Lessor

Huaxia Financial Leasing Co., Ltd. is a limited liability company established under PRC law, which is principally engaged in providing financial leasing services. According to publicly available records, Huaxia Financial Leasing Co., Ltd. is a subsidiary of Huaxia Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600015).

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Huaxia Financial Leasing and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Sale and Lease Back Arrangements exceeds 5% but is less than 25%, the entering into of the Sale and Lease Back Arrangements constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Board" or "Board of Directors"	the Board of Directors of the Company
"China" or "PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Company", "our Company" or "the Company"	Phancy Group Co., Ltd.
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)" or "our Director(s)"	the director(s) of the Company
"Group", "our Group" or "the Group"	the Company and its subsidiaries
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Leased Assets"	servers and accessories to be transferred by the Lessee to the Lessor and leased back under the Sale and Lease Back Arrangements
"Lessee" or "Phancy Beijing"	Fourth Paradigm (Beijing) Data & Technology Co., Ltd. (第四範式(北京)技術有限公司), a limited liability company established under PRC law and a direct wholly-owned subsidiary of the Company
"Lessor" or "Huaxia Financial Leasing"	Huaxia Financial Leasing Co., Ltd. (華夏金融租賃有限公司), a limited liability company established under PRC law

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Sale and Lease Back Agreement"	the financing lease contract dated August 7, 2026 entered into between the Lessee and the Lessor in relation to the transfer of the Leased Assets by the Lessee to the Lessor and the leaseback thereof by the Lessee from the Lessor
"Sale and Lease Back Arrangements"	the transfer of the Leased Assets by the Lessee to the Lessor and the leaseback thereof by the Lessee from the Lessor pursuant to the Sale and Lease Back Agreement
"the Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By Order of the Board
Phancy Group Co., Ltd.
Dr. Dai Wenyuan
Chairman and Executive Director

Hong Kong, August 7, 2026

As at the date of this announcement, the executive Directors are Dr. Dai Wenyuan and Mr. Chen Yuqiang; 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.