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**Flowing Cloud Technology Ltd**

**飛天雲動科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6610)**

## **POSITIVE PROFIT ALERT**

This announcement is made by Flowing Cloud Technology Ltd (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2022 and an assessment of the information currently available to the Board, the Group is expected to record (i) revenue in the range of RMB1 billion to RMB1.1 billion for the year ended December 31, 2022 as compared to revenue of RMB595.3 million for the year ended December 31, 2021, representing an increase between 68.0% to 84.8%; and (ii) profit before tax in the range of RMB210 million to RMB260 million for the year ended December 31, 2022 as compared to profit before tax of RMB87.1 million for the year ended December 31, 2021, representing an increase between 141.1% to 198.5%.

Listing expenses incurred and an increase in foreign exchange losses due to appreciation of Renminbi had certain negative impacts on the Group’s profit before tax for the year ended December 31, 2022. Notwithstanding the above, the Group maintained a rapid growth. Based on currently available information, the increase in revenue and profit before tax was mainly attributable to: (i) the increase in revenue generated from the Group’s augmented reality and virtual reality (“**AR/VR**”) marketing services and AR/VR content businesses; (ii) the Group’s business expansion as a result of AR/VR gaining popularity; and (iii) the increase in the Group’s overall gross margin.

The Company has yet to finalize the consolidated annual results of the Group for the year ended December 31, 2022. The information contained in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2022 and an assessment of the information currently available to the Board as at the date of this announcement, which have not been audited nor reviewed by the Company's auditors or reviewed by the audit committee of the Board. The actual results of the Group for the year ended December 31, 2022 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to refer to the details in the results announcement for the year ended December 31, 2022, which is expected to be published by the end of March 2023.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Flowing Cloud Technology Ltd**  
**Wang Lei**  
*Chairman*

Hong Kong, February 14, 2023

*As at the date of this announcement, the Board comprises Mr. Wang Lei, Mr. Li Yanhao, Ms. Xu Bing and Mr. Li Yao as executive Directors and Mr. Jiang Yi, Mr. Tan Deqing and Ms. Wang Beili as independent non-executive Directors.*