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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

The Board is pleased to announce consolidated results of the Group for the year ended December 31, 2025, together with the comparative figures for the year ended December 31, 2024.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		Year-on-year change
	2025 RMB'000	2024 RMB'000	
Revenue	783,904	995,347	-21.2%
Gross profit	152,318	200,036	-23.9%
Loss before tax	(365,573)	(44,846)	715.2%
Loss for the year	(365,623)	(43,703)	736.6%
Total comprehensive expense for the year	(414,869)	(81,661)	408.0%
Basic and diluted loss per share (RMB)#	(3.43)	(0.48)	614.6%

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2025 is based on the loss for the year attributable to owners of the Company of RMB367,086,000 (2024: RMB43,702,000) and the weighted average number of ordinary shares of 107,055,000 (2024 (restated): 90,334,000) ordinary shares, adjusted by the share consolidation completed on 5 December 2025 in issue during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the Augmented Reality and Virtual Reality (“**AR&VR**”) market in China will have become a vital part of the country’s broader technology ecosystem, demonstrating rapid growth and intense competition. This expansion is driven by advancements in hardware, software, and content development, along with substantial government support. The AR&VR sectors are increasingly integrated across industries such as entertainment, education, healthcare, retail, and manufacturing.

The competitive landscape in China’s AR&VR sector includes both established technology giants and innovative startups. Companies are making significant investments in AR&VR technologies, leveraging their existing ecosystems to develop immersive platforms and applications. However, despite its remarkable growth, the AR&VR market faces several challenges. Key obstacles include high production costs, limited consumer adoption due to affordability concerns, and a lack of compelling content. Moreover, global competition and export restrictions on advanced technologies, such as high-performance chips, may impede market expansion.

For the year ended December 31, 2025, the principal activities of the Group mainly include engaging in (i) provision of AR&VR marketing services; (ii) AR, VR & AI content; (iii) platform services; and (iv) live promotion services.

AR&VR Marketing Services

AR&VR marketing services constituted the Group’s primary source of revenue for the year ended December 31, 2025. By establishing strategic partnerships with media platforms and their representatives, the Group focused on delivering AR&VR marketing solution services to its advertising customers.

AR, VR & AI Content

The Group primarily leverages its self-developed AR&VR development engine to create customized solutions tailored to the specific needs of customers across various sectors, including culture and tourism, education, internet and gaming. This innovative approach facilitates a diverse and immersive virtual experience for end users.

In 2025, the Group further enhanced its offerings by launching a custom artificial intelligence (AI) software platform. This platform offers clients a comprehensive suite of services, including AI-generated text, visual and image capabilities, and video content production. These services enable users to effectively create high-quality, professional-grade content with simple, clear instructions, all while remaining cost-effective.

Platform Services

The Group offers two main types of platform services for telecom operators: (i) the data processing gateway services; and (ii) product promotion services.

The data processing gateway services include an API gateway that enables communication between telecom operators and end users. This gateway prioritizes the security of communications and the privacy of personal information.

Furthermore, the Group offers product promotion services to telecom operators by formulating strategic marketing plans and delivering customised advertisements to users across various social media platforms. This approach is designed to improve the visibility and market reach of telecom operators' products.

Live Promotion Services

The Group utilises its self-developed live streaming control and management system as a fundamental technological foundation to offer cost-effective broadcasting services for its digital humans broadcasters. This strategic approach helps reduce industry entry barriers and expands opportunities for streamers. By focusing on multi-channel network (MCN) entertainment streaming operations, the Group improves its cash flow through live-streaming rewards while also developing virtual intellectual property (IP) accounts to explore various commercialization paths. This initiative marks a significant shift from virtual entertainment to scalable digital workforce solutions, with the aim of establishing a comprehensive commercial service system centered around 3D digital humans.

OUTLOOK

As we look toward 2026, the Group remains committed to becoming a leading provider of AI and Extend Reality (XR) digital solutions and content in China:

— **Advancing Technological Synergy**

The Group is dedicated to increasing its research and development investment in the convergence of AI and XR technologies. A key focus will be improving the efficiency of AIGC (Artificial Intelligence-Generated Content) in 3D content creation. Our goal is to optimize production costs and promote the large-scale commercialisation of digital humans and digital assets.

— **Cultivating Long-term Value**

Guided by our commitment to technological innovation and user satisfaction, the Group aims to bridge the gap between spatial computing and the real economy. Through this deep integration, we aspire to provide sustainable returns for our shareholders while delivering transformative digital value to society.

The Board is confident that the Group's strong technical foundation, extensive industry expertise, and clearly defined strategic roadmap position us well to effectively leverage the rapid expansion of the digital economy and unlock broader growth opportunities.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group mainly generated revenue from four primary services: (i) providing AR&VR marketing services; (ii) selling AR, VR & AI content; (iii) providing integrated marketing, platform and live promotion services; and (iv) offering AR&VR SaaS platform solutions.

For the year ended December 31, 2025, the Group recognised total revenue of approximately RMB783.90 million, representing a decrease of approximately 21.2% from RMB995.35 million for the year ended December 31, 2024. This decline was primarily driven by a reduction in revenue from AR&VR marketing services, AR, VR & AI content and integrated marketing.

The following table sets forth a breakdown of the revenue by service or product type in absolute amounts and as a percentage for the years indicated:

	For the year ended December 31,			
	2025		2024	
	RMB'000	%	RMB'000	%
AR&VR marketing services	487,375	62.2	573,072	57.6
AR, VR & AI content	189,113	24.1	211,286	21.2
Platform services	57,695	7.4	3,031	0.3
Live promotion services	17,755	2.3	—	—
Integrated marketing	16,827	2.1	179,477	18.0
AR&VR SaaS	8,069	1.0	22,171	2.2
Others ^(Note)	7,070	0.9	6,310	0.7
Total	783,904	100.0	995,347	100.0

Note: Other businesses comprise virtual product customization, short drama production and operation business, and non-AR, VR & AI technical services.

AR&VR marketing services

The Group offers a diverse range of AR&VR marketing services. These include developing customized marketing plans, creating engaging content, distributing content across multiple platforms, and collecting, monitoring, and optimizing marketing data and feedback

For the year ended December 31, 2025, revenue from AR&VR marketing services was approximately RMB487.38 million, reflecting a decrease of approximately 15.0% from approximately RMB573.07 million for the year ended December 31, 2024. This decline is mainly due to a reduction in advertising expenditures by domestic clients in response to ongoing sluggish economic growth. Specifically, the number of domestic advertising customers fell from 16 in 2024 to 14 in 2025, and the average spending per advertising customer decreased from RMB26.80 million in 2024 to RMB19.93 million in 2025.

The following table sets forth a breakdown of the revenue from the AR&VR marketing services business by customer industry in absolute amounts and as a percentage of the total revenue from the AR&VR marketing services business for the years indicated:

	For the year ended December 31,			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Gaming	122,629	25.2	172,581	30.0
Entertainment	183,857	37.7	101,002	17.6
Internet	119,838	24.6	86,588	15.1
Culture and tourism	—	—	67,336	11.8
Commercial services	—	—	52,489	9.2
E-commerce	33,395	6.9	27,407	4.8
Education	21,200	4.3	23,960	4.2
Automobiles	—	—	18,542	3.2
Real estate	—	—	12,715	2.2
Healthcare	6,456	1.3	8,421	1.5
Live streaming	—	—	2,031	0.4
Total	<u>487,375</u>	100.0	<u>573,072</u>	100.0

During the Reporting Period, revenue from AR&VR marketing services primarily came from advertising customers across sectors, including gaming, entertainment, internet, e-commerce, education, and healthcare. As indicated in the table above, clients in the entertainment, internet, and e-commerce industries showed growth; however, clients in other sectors experienced a decline in revenue compared with the same period in 2024. While the number of domestic advertising clients remained stable at 14 (year ended 31 December 2024: 16), the average spending per domestic customer declined substantially from RMB26.80 million in 2024 to RMB19.93 million in 2025. This reduction has ultimately contributed to an overall decline in revenue generated from AR&VR marketing services for the Reporting Period.

AR, VR & AI content

The Group's revenue from the AR, VR, & AI content sector is primarily derived from providing customized content solutions to clients. For the year ended December 31, 2025, revenue from this segment was approximately RMB189.11 million, representing a decline of approximately 10.5% from approximately RMB211.29 million in the preceding year, 2024. Although there has been an increase in the number of AR, VR, & AI content projects, the average expenditure per customer has declined, resulting in an overall reduction in revenue from this sector.

The following table sets forth a breakdown of the revenue from the AR, VR & AI content business by customer industry in absolute amounts and as a percentage of the total revenue from the AR, VR & AI content business for the years indicated:

	For the year ended December 31,			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Gaming	113,195	59.9	159,175	75.4
Science and technology, culture and tourism, and others	32,243	17.0	28,981	13.7
Education	22,430	11.9	22,658	10.7
Entertainment	21,245	11.2	472	0.2
Total	<u>189,113</u>	100.0	<u>211,286</u>	100.0

Platform services

During the Reporting Period, the Group intensified its initiatives to provide data processing gateway services. This involved establishing channels for telecom operators and end-users to enhance communication security and safeguard personal information. Additionally, the Group developed strategic marketing plans and delivered tailored advertisements across various social media platforms to improve the visibility of telecom operators' products.

As a result, the Group achieved approximately RMB57.69 million in revenue from these platform services for the year ended December 31, 2025. This reflects a remarkable increase of 1,803.5% over the previous year's revenue of approximately RMB3.03 million. This substantial growth is largely attributable to the establishment of new business contracts with telecom operators, which provided the Group with a stable and significant increase in both business and revenue contributions.

Live promotion services

After making substantial investments in research and development of the Group's self-developed live-streaming control and management system, the Group is now positioned to provide cost-effective broadcasting services for its proprietary digital human broadcasters. This significant advancement has enabled the Group to generate approximately RMB17.76 million in revenue from live promotion services for the year ended December 31, 2025. This achievement marks the introduction of a new revenue stream for the Group compared to the previous year.

Integrated Marketing

In the second half of 2024, the Group initiated an integrated marketing business to provide comprehensive marketing services to its clients. This initiative entails sourcing services from reputable media platforms on behalf of its clients. These services aim to enhance client visibility, increase follower engagement, and drive traffic to their videos and live streams by activating promotional features on these platforms.

Due to the low-margin nature of this business model, the Group has made the strategic decision to scale back its operations to reallocate resources into more profitable business segments. Consequently, for the year ended December 31, 2025, the Group reported revenue of approximately RMB16.83 million from its integrated marketing services. This represents a significant decline of approximately 90.6% compared to the revenue of approximately RMB179.48 million in the preceding year.

AR&VR SaaS

Starting in 2024, the Group implemented structural adjustments to its operations in the AR&VR Software-as-a-Service (“SaaS”) business segment. Consequently, for the year ended December 31, 2025, revenue from this segment decreased by approximately 63.6%. Specifically, revenue fell from approximately RMB22.17 million for the year ended December 31, 2024, to approximately RMB8.07 million for the same period in 2025.

Cost of Revenue

The Group’s cost of revenue consists of three main components (i) traffic acquisition costs, which refer to the expenses incurred for acquiring advertising traffic from media platforms or their agents, specifically related to the Group’s AR&VR marketing services; (ii) subcontracting and development costs, which includes expenses for third-party service providers involved in designing and developing artistic elements, such as animations, special effects, and illustrations, used in the Group’s AR&VR interactive content and AR&VR SaaS services. It also includes certain non-core technical support services, and (iii) other costs, which cover the expenses associated with professionally generated content (PGC) video materials that enhance the Group’s AR&VR content offerings.

For the year ended December 31, 2025, the Group’s cost of revenue is RMB631.59 million, reflecting a decrease of 20.6% from approximately RMB795.31 million for the same period in 2024. This decline is primarily attributable to a strategic reduction in operations within the integrated marketing services, which had previously contributed to a high cost-to-revenue ratio. As a result, the decrease in revenue from integrated marketing directly reduced the Group’s overall cost of revenue for the year 2025.

The following table sets forth a breakdown of the cost of revenue by nature in absolute amount and as a percentage of the total cost of revenue for the years indicated:

	For the year ended December 31,			
	2025		2024	
	RMB’000	%	RMB’000	%
Traffic acquisitions costs	430,834	68.2	655,091	82.4
Subcontracting and development costs	166,135	26.3	98,884	12.4
Others ^(Note)	34,617	5.5	41,336	5.2
Total	<u>631,586</u>	100.0	<u>795,311</u>	100.0

Note: Other cost of revenue comprises use of material costs, amortisation of intangible assets, staff costs and renting of servers.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of the gross profit/(loss) by service and product type in absolute amount and gross profit margin, for the years indicated:

	For the year ended December 31,			
	2025		2024	
	<i>RMB'000</i>	<i>Gross Profit Margin %</i>	<i>RMB'000</i>	<i>Gross Profit Margin %</i>
AR&VR marketing services	67,230	13.8	87,163	15.2
AR, VR & AI content	74,641	39.5	99,752	47.2
Platform services	2,025	3.5		
Live promotion services	4,375	24.6	—	—
Integrated marketing	665	4.0	2,177	1.2
AR&VR SaaS	1,118	13.9	12,172	54.9
Others ^(Note)	2,264	32.0	(1,228)	-19.5
Total	152,318	19.4	200,036	20.1

Note: Other businesses mainly comprise virtual product customization, short drama production and operation business, non-AR, VR & AI technical services.

For the year ended December 31, 2025, the Group reported a gross profit of approximately RMB152.32 million, representing a decrease of approximately 23.9% compared to approximately RMB200.04 million for the same period in 2024. This decline in gross profit was primarily attributed to a significant reduction in revenue from AR&VR marketing services.

Additionally, the gross profit margin from AR&VR marketing services fell from approximately 15.2% for the year ended 31 December 2024 to approximately 13.8% for the year ended 31 December 2025. This decrease was largely due to advertising customers implementing budget reductions in response to prevailing economic conditions and rising traffic acquisition costs.

Similarly, the gross profit margin for the AR&VR content business declined from approximately 47.2% for the year ended December 31, 2024, to approximately 39.5% for the same period in 2025. The reduction in gross profit margin is largely attributable to rising production costs. To maintain current customer relationships and potentially expand its market reach, the Group has focused on delivering higher-quality products that incorporate enhanced content and advanced technologies. As a result, this initiative has increased production costs.

Other Income

For the year ended December 31, 2025, the Group's other income was approximately RMB131,000, which mainly included other tax refund and interest income from bank deposits. This amount represents a decrease of approximately 78.1% compared to approximately RMB597,000 for the same period in 2024. The decline in other income is primarily due to the absence of government grants in 2025, which were provided in the same period of previous year.

Impairment Losses of Trade Receivables

The Group has applied the applicable accounting standards to measure the loss allowance at lifetime expected credit losses (ECL). The Group recognizes lifetime ECL for trade receivables by conducting a collective assessment based on its internal credit ratings. However, for trade receivables that show a significant increase in credit risk or are considered credit-impaired, an individual assessment is performed. This assessment takes into account factors such as aging, past default experience, current overdue amounts, and a review of the debtor's financial position.

As at December 31, 2025, the carrying amount of trade receivables was RMB695.0 million, after accounting for an allowance for credit losses of RMB174.7 million. This represents an increase of RMB116.0 million recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2025, compared to the allowance for credit losses of RMB58.7 million carried forward as at December 31, 2024. The substantial increase in the ECL allowance is mainly due to a rise in long-overdue receivables from certain major customers, who have consistently generated significant revenue for the Group.

In accordance with the Group's credit management policy, the finance team is responsible for the detailed recording of trade receivables and the timely distribution of monthly statements to the sales team. The sales team is entrusted with the responsibility of managing the collection of these receivables and ensuring that outstanding balances are periodically verified with customers through email confirmation.

For trade receivables that are overdue, the sales team will proactively follow up on the collection process. They will document the reasons for the delays along with the customer's proposed payment plan. This information will be shared with the team supervisor, who may assign additional resources to assist with the collection efforts.

If trade receivables remain overdue for more than one year, the sales team will engage in discussions with the customer to develop a comprehensive repayment plan. If these discussions do not lead to satisfactory agreement, the Group may issue a collection notice or consider further actions, including legal proceedings, to recover the outstanding amounts.

Distribution and Selling Expenses

During the year ended December 31, 2025, the Group experienced a significant increase in distribution and selling expenses, which totaled approximately RMB132.46 million, representing an increase of approximately 50.3% compared to approximately RMB88.15 million recognized in the same period of 2024. The increase in expenses is primarily due to higher promotion costs associated with engaging subcontractors, which have played a critical role in enhancing the Group's efforts to promote its brands and prepare products for launch effectively.

Administrative Expenses

Administrative expenses primarily consist of, among others, (i) staff costs, which include wages, bonuses, and benefits for administrative personnel; (ii) rental and property management expenses; and (iii) professional service fees associated with the Group's financing activities that are not related to the Listing.

For the year ended December 31, 2025, the Group's administrative expenses recorded as RMB34.60 million representing a decrease of approximately 32.5%, falling from approximately RMB51.29 million in the same period in 2024. This significant decline can be attributed to (i) a reduction in equity-settled share-based payment expenses mainly due to employee resignation, and (ii) decreased office expenses, conference fees, and intermediary service fees resulting from a strategic downsizing of the business.

Research and Development Expenses

During the year ended December 31, 2025, the Group reported research and development expenses of approximately RMB229.79 million, representing approximately 2.7 times the approximately RMB84.29 million spent during the same period in 2024. The primary reason for this increase can be attributed to the Group's increased research and development ("R&D") activities, particularly in motion capture technology and large-scale virtual reality, as well as the significant rise in outsourced R&D technology reserve projects. The Group did not capitalize any research and development expenses during the year ended December 31, 2025.

Finance Costs

During the year ended December 31, 2025, finance costs amounted to approximately RMB3.90 million, which represents a decrease of approximately 39.1% compared to approximately RMB6.41 million for the same period in 2024. This reduction is primarily due to a decline in interest expense, mainly because new bank borrowings were drawn down mostly in the second half of the year, resulting in a shorter interest accrual period.

Income Tax (Expense)/Credit

The Group's income tax position has experienced a significant change, shifting from income tax credit of approximately RMB1,143,000 for the year ended December 31, 2024, to income tax expense of approximately RMB50,000 for the year ended December 31, 2025, primarily resulting from the Group's decision not to recognise deferred tax assets on the tax losses generated in 2025.

Loss for the Year and Net Profit Margin

As a result of the foregoing, the Group incurred a loss of approximately RMB365.62 million for the year ended December 31, 2025. This represents a decline of approximately RMB321.92 million in comparison to a loss of approximately RMB43.70 million for the corresponding period in 2024. The net profit margin of the Group decreased from approximately -4.4% for the year ended December 31, 2024 to -46.6% for the year ended December 31, 2025. This reduction is primarily attributable to lower revenue and a decreased gross profit margin during the year ended December 31, 2025, along with a notable impairment losses of trade receivables and a significant rise in distribution and selling expenses.

Trade Receivables

Trade receivables of the Group mainly relate to the amounts due from its customers who purchased (i) AR&VR marketing services and (ii) AR, VR & AI Content.

The Group's trade receivables increased from approximately RMB641.89 million as at December 31, 2024 to approximately RMB695.04 million as at December 31, 2025. This growth was primarily attributed to an increase in trade receivable turnover days. This shift reflects the broader economic challenges currently affecting customer liquidity.

For trade receivables aged over one year which had not been settled as at the date of this annual results announcement, the Group may consider engaging in discussions with the customer to develop a comprehensive repayment plan. If these discussions do not lead to satisfactory agreement, the Group may issue collection notices or consider further actions, including legal proceedings, to recover the outstanding amounts.

Prepayments

Prepayments primarily comprise (i) prepayments for purchases of advertising traffic from media platforms and their agents in connection with the AR&VR marketing services, and (ii) prepayments for outsourcing service in connection with the AR, VR & AI Content.

The Group's prepayment decreased from approximately RMB755.42 million as at December 31, 2024, to approximately RMB635.01 million as at December 31, 2025. This reduction was primarily attributed to the utilization of certain prepayments for purchases of advertising traffic in support of the Group's AR&VR marketing services.

Prepayments made for the acquisition of advertising traffic to media platforms, as well as prepayments for subcontracting services, are generally refundable. These prepayments do not have a defined expiration term, and there are currently no indications that they cannot be utilized effectively.

Trade payables

The trade payables mainly were the amounts due to the Group's suppliers for subcontracting and development costs and cost of raw materials.

The trade payables increased from approximately RMB170.82 million as at December 31, 2024, to approximately RMB263.47 million as at December 31, 2025. This increase is primarily due to longer payables turnover days, as the Group's suppliers have adopted more flexible credit policies in response to the current market conditions, leading to extended payment cycles.

Borrowings

Borrowings mainly comprise short-term borrowings from commercial banks in the PRC denominated in Renminbi. Borrowings increased from RMB88.00 million as at December 31, 2024 to RMB113.00 million as at December 31, 2025, in line with the business development.

Charge of Assets

As at December 31, 2025, the Group had no charge of assets.

Gearing Ratio

Gearing ratio equals net debt divided by total equity as at the end of the year and multiplied by 100%. Net debt equals borrowings and lease liabilities less bank and cash balances as at the end of the year. Gearing ratio is not applicable because the Group was in net cash position.

Foreign Exchange Risk Management

The Group mainly operates in the PRC with most transactions settled in Renminbi, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars and Hong Kong dollars. As at December 31, 2025, the Group had bank balances denominated in Renminbi, United States dollars and Hong Kong dollars. Except for certain bank balances denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at December 31, 2025. The Group currently does not have any foreign currency hedging transactions. However, the management monitors the foreign exchange exposure and will consider hedging significant foreign exchange exposure of the Group should the need arise.

Financial Instrument

The Group did not have any financial instruments for hedging purposes as at December 31, 2025.

Treasury Policy

The Directors will continue to follow the Group's prudent treasury policy to manage its financial resources, with the objective of maintaining its highly liquid position to ensure future growth opportunities would be captured when they arise.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	3	783,904	995,347
Cost of revenue		(631,586)	(795,311)
Gross profit		152,318	200,036
Other income		131	597
Other gains, net		191	2,099
Distribution and selling expenses		(132,455)	(88,150)
Administrative expenses		(34,601)	(51,290)
Research and development expenses		(229,789)	(84,294)
Impairment losses of trade and other receivables		(117,465)	(17,433)
Finance costs		(3,903)	(6,411)
Loss before tax		(365,573)	(44,846)
Income tax (expense)/credit	4	(50)	1,143
Loss for the year	5	<u>(365,623)</u>	<u>(43,703)</u>
Other comprehensive expense after tax:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity investments at fair value through other comprehensive income		(48,630)	(37,574)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(616)	(384)
Other comprehensive expense for the year, net of tax		<u>(49,246)</u>	<u>(37,958)</u>
Total comprehensive expense for the year		<u>(414,869)</u>	<u>(81,661)</u>

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/profit for the year attributable to:			
— Owners of the Company		(367,086)	(43,702)
— Non-controlling interests		1,463	(1)
		<u>(365,623)</u>	<u>(43,703)</u>
Total comprehensive (expense)/income for the year attributable to:			
— Owners of the Company		(416,332)	(81,660)
— Non-controlling interests		1,463	(1)
		<u>(414,869)</u>	<u>(81,661)</u>
		<i>RMB</i>	<i>RMB</i> <i>(restated)</i>
Loss per share			
— Basic and diluted	7	<u>(3.43)</u>	<u>(0.48)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current assets			
Equipment		1,833	5,222
Right-of-use assets		4,666	1,963
Intangible assets		108,758	99,676
Equity investments at fair value through other comprehensive income		16,414	74,882
Investments at fair value through profit or loss		9,867	10,000
Deferred tax assets		10,512	10,512
		<u>152,050</u>	<u>202,255</u>
Current assets			
Trade receivables	8	695,041	641,885
Contract costs		781	1,157
Prepayments	9	635,011	755,418
Deposits and other receivables		25,425	4,698
Current tax assets		4,013	2,674
Bank and cash balances		62,020	162,422
		<u>1,422,291</u>	<u>1,568,254</u>
Current liabilities			
Trade and bills payables	10	263,465	190,821
Contract liabilities		7,316	29,059
Other payables and accruals		70,665	62,739
Borrowings		113,000	88,000
Lease liabilities		2,043	1,693
Current tax liabilities		411	1,195
		<u>456,900</u>	<u>373,507</u>
Net current assets		<u>965,391</u>	<u>1,194,747</u>
Total assets less current liabilities		<u>1,117,441</u>	<u>1,397,002</u>

	<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current liabilities			
Amount due to controlling shareholder		6,790	14,000
Lease liabilities		2,046	—
		<u>8,836</u>	<u>14,000</u>
NET ASSETS		<u>1,108,605</u>	<u>1,383,002</u>
Capital and reserves			
Share capital	<i>11</i>	185	128
Reserves		1,103,978	1,380,145
		<u>1,104,163</u>	<u>1,380,273</u>
Equity attributable to owners of the Company		4,442	2,729
Non-controlling interests		<u>1,108,605</u>	<u>1,383,002</u>
TOTAL EQUITY		<u>1,108,605</u>	<u>1,383,002</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Flowing Cloud Technology Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The addresses of its registered office and its principal place of business are 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands and Shop 8, Jingyuan Art Centre, Guangqulu No. 3, Chaoyang District, Beijing, the People’s Republic of China (“**PRC**”) respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of the subsidiaries of the Company is provision of augmented reality and virtual reality (“**AR & VR**”) marketing services, AR, VR & AI content, platform services, live promotion services, integrated marketing services and relevant services.

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

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Company and its subsidiaries (collectively referred to as the “**Group**”) has adopted all the new and revised IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. IFRS Accounting Standards comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standard; and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards but is not yet in a position to state whether these new and revised IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Major Services		
Provision of AR & VR marketing service	487,375	573,072
Delivery of AR, VR & AI content	189,113	211,286
Platform services	57,695	3,031
Live promotion services	17,755	—
Provision of integrated marketing services	16,827	179,477
Provision of AR & VR Software as a Service (“SaaS”) service	8,069	22,171
Others	7,070	6,310
	<u>783,904</u>	<u>995,347</u>
Geographical markets		
Mainland, the PRC	575,532	850,077
Hong Kong	208,372	145,270
	<u>783,904</u>	<u>995,347</u>
Timing of revenue recognition		
At a point in time	775,835	977,922
Over time	8,069	17,425
	<u>783,904</u>	<u>995,347</u>

Segment information

For management purposes, the Group does not organise into business units based on their services and only has one reportable operating segment. The chief operating decision maker monitors the operating results of the Group’s operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment. In this regard, no segment information is presented.

The Group’s non-current assets (excluded financial instruments and deferred tax assets) by geographical location of the assets are detailed below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mainland, the PRC	106,822	93,922
Hong Kong	8,435	12,939
	<u>115,257</u>	<u>106,861</u>

Information about major customer

During the year ended 31 December 2025, no (2024: no) single customer contributed over 10% of the total revenue of the Group.

4. INCOME TAX EXPENSE/(CREDIT)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax		
— PRC Enterprise Income Tax	—	658
— Hong Kong	50	74
— Under provision in prior years	—	225
	<hr/>	<hr/>
Total current tax	50	957
Deferred tax	—	(2,100)
	<hr/>	<hr/>
Total income tax expense/(credit)	<u>50</u>	<u>(1,143)</u>

5. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Depreciation of equipment	3,922	3,984
Depreciation of right-of-use assets	4,127	5,161
Amortisation of intangible assets (included in cost of revenue, research and development expenses)	56,371	33,872
Auditor's remuneration	2,800	3,190
Staff costs including directors' emoluments		
— Salaries and other benefits	20,232	25,593
— Discretionary bonus	9,592	11,630
— Equity-settled share-based payments	5,096	13,060
— Retirement benefits scheme contributions	3,478	4,148
	<hr/>	<hr/>
	<u>38,398</u>	<u>54,431</u>

6. DIVIDEND

No (2024: no) dividend was paid or declared by the Company for the year ended 31 December 2025.

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(367,086)</u>	<u>(43,702)</u>
	<i>'000</i>	<i>'000</i> <i>(restated)</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>107,055</u>	<u>90,334</u>

The calculation of basic loss per share attributable to owners of the Company for the year ended 31 December 2025 is based on the loss for the year attributable to owners of the Company of RMB367,086,000 (2024: RMB43,702,000) and the weighted average number of ordinary shares of 107,055,000 (2024 (restated): 90,334,000) ordinary shares, adjusted by the share consolidation completed on 5 December 2025 in issue during the year.

The effects of all potential shares are anti-dilutive for the years ended 31 December 2025 and 2024.

8. TRADE RECEIVABLES

The ageing analysis of trade receivables, based on billing date, and net of provision for loss allowance is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 6 months	323,886	282,108
Over 6 months but within 1 year	187,736	220,084
Over 1 year but within 2 years	163,774	139,693
Over 2 years	19,645	—
	<u>695,041</u>	<u>641,885</u>

9. PREPAYMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments for purchases of advertising traffic	629,754	742,383
Prepayments for outsourcing service	4,201	9,007
Prepayments for intangible assets	102	1,689
Others	954	2,339
	<u>635,011</u>	<u>755,418</u>

10. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	263,465	170,821
Bills payables	—	20,000
	<u>263,465</u>	<u>190,821</u>

The ageing analysis of trade payables, based on date of billing documents, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 6 months	187,536	100,448
Over 6 months but within 1 year	42,746	28,834
Over 1 year but within 2 years	5,345	22,887
Over 2 years but within 3 years	9,425	894
Over 3 years	18,413	17,758
	<u>263,465</u>	<u>170,821</u>

11. SHARE CAPITAL

Ordinary shares of US\$0.00020 (2024: US\$0.00001) each

	<i>Notes</i>	Number of ordinary shares '000	Nominal value of ordinary shares US\$'000	Equivalent nominal value of ordinary shares RMB'000
Authorised:				
At 1 January 2024, 31 December 2024 and 1 January 2025				
		5,000,000	50	319
Share consolidation	<i>(a)</i>	(4,750,000)	—	—
		250,000	50	319
At 31 December 2025				
Issued and fully paid:				
At 1 January 2024, 31 December 2024 and 1 January 2025				
		1,810,000	18	128
Issue of shares	<i>(b)</i>	361,000	4	26
Issue of shares	<i>(c)</i>	433,429	4	31
Cancellation of shares		(2,672)	—	—
Share consolidation	<i>(a)</i>	(2,471,669)	—	—
		130,088	26	185
At 31 December 2025				

Notes:

- (a) On 5 December 2025, every 20 ordinary shares of US\$0.00001 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of US\$0.0002 each in the issued and unissued share capital of the Company.
- (b) On 19 May 2025, the Company issued 361,000,000 ordinary new shares at a subscription price of HK\$0.201 per share for a total cash consideration of HK\$71.62 million (equivalent to RMB66,862,000), after deducting share issue expenses of RMB674,000.
- (c) On 30 September 2025, the Company issued 433,429,200 ordinary new shares at a subscription price of HK\$0.174 per share for a total cash consideration of HK\$74.53 million (equivalent to RMB68,264,000), after deducting share issue expenses of RMB690,000.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On July 22, 2025, the Company disposed on the open market a total of 5,506,000 H shares of Hebei Yichen Industrial Group Corporation Limited (Stock Code: 1596) (“**Yichen**”), thus as at December 31, 2025, the Company held 25,595,000 shares, representing approximately 2.85% of the total issued share capital of Yichen. Yichen is principally engaged in R&D, manufacturing and sales of rail fastening system products, welding wire and railway sleeper products.

Save as disclosed above, there were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the year ended December 31, 2025.

SHARE CONSOLIDATION

In the extraordinary general meeting of the Company convened on December 3, 2025 (the “**EGM**”), the resolutions approving the Share Consolidation was duly passed by way of poll. The Share Consolidation (which became effective on December 5, 2025) was implemented on the basis that every twenty (20) issued and unissued Shares be consolidated into one (1) Consolidated Share.

Immediately prior to the effectiveness of the Share Consolidation, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares with par value of US\$0.00001 each, of which 2,601,757,200 Shares (including 1,182,000 treasury shares) had been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company becomes US\$50,000 divided into 250,000,000 Consolidated Shares with par value of US\$0.00020 each, of which 130,087,860 Consolidated Shares (including 59,100 consolidated treasury shares) is in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Immediately prior to the effectiveness of the Share Consolidation, there were 29,590,000 Share Options outstanding and entitling the holders thereof to subscribe for up to an aggregate of 29,590,000 Shares under the Post-IPO Share Option Scheme. Upon the Share Consolidation becoming effective, the following adjustments has been made to the exercise price of the outstanding Share Options and the aggregate number of Consolidated Shares falling to be allotted and issued upon the exercise of the subscription rights attaching to the outstanding Share Options in accordance with (i) the terms and conditions of the Post-IPO Share Option Scheme; (ii) Rule 17.03(13) of the Listing Rules; and (iii) the Note Immediately After the Rule attached to the Frequently Asked Question No. 0722020 issued by the Stock Exchange on 6 November 2020 and updated in January 2023:

Date of Grant	Exercise price before adjustment (per Share)	Number of Shares to be issued upon exercise of all Share Options	Adjusted exercise price (per Consolidated Share)	Adjusted number of Consolidated Share to be issued upon exercise of all Share Options
14 July 2023	HK\$1.78	29,590,000	HK\$35.60	1,479,500

For further details of the Share Consolidation, please refer to the announcements of the Company dated October 20, 2025, December 3, 2025 and December 5, 2025 and the circular of the Company dated November 17, 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilize the net proceeds raised from the Global Offering (as defined in the Prospectus) according to the plans set out in the section headed “Use of Proceeds from Listing” in this announcement.

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as at the date of this announcement.

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND THE USE OF PROCEEDS

On April 30, 2025, the Company proposed to allot and issue a total of 361,000,000 placing shares to not less than six places at the placing price of HK\$0.201 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated April 30, 2025. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$71.62 million. The placing was completed on May 19, 2025. Please refer to the announcements of the Company dated April 30, 2025 and May 19, 2025 for further details.

On September 9, 2025, the Company proposed to allot and issue a total of 433,429,200 placing shares to not less than six places at the placing price of HK\$0.174 per placing shares pursuant to the terms and conditions of the placing agreement signed between the Company and the placing agent dated September 9, 2025. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the placing amounted to approximately HK\$74.53 million. The placing was completed on September 30, 2025. Please refer to the announcements of the Company dated September 9, 2025 and September 30, 2025 for further details.

Date of Completion of Placing	Net Proceeds Raised (Approximately)	Proposed use of proceeds	Actual and intended use of proceeds
May 19, 2025	HK\$71.62 million	<ul style="list-style-type: none"> (i) approximately 60% of the net proceeds (approximately HK\$42.97 million), for enhancing the R&D capabilities and improving services and products; (ii) approximately 30% of the net proceeds (approximately HK\$21.49 million), for enhancing sales and marketing function; and (iii) approximately 10% (approximately HK\$7.16 million), of the net proceeds for general working capital purposes. 	The respective amount has been used for the relevant purposes as intended.

Date of Completion of Placing	Net Proceeds Raised (Approximately)	Proposed use of proceeds	Actual and intended use of proceeds
September 30, 2025	HK\$74.53 million	<ul style="list-style-type: none"> (i) approximately 60% of the net proceeds (approximately HK\$44.72 million), for acquiring advertising traffic from media platforms or their authorised agents, aimed at enhancing the Group's AR/VR marketing services in domestic and overseas markets; (ii) approximately 30% of the net proceeds (approximately HK\$22.36 million), directed towards enhancing the Group's research and development (R&D) capabilities and improving its service and product offerings; and (iii) approximately 10% (approximately HK\$7.45 million), of the net proceeds for general working capital purposes. 	The respective amount has been used for the relevant purposes as intended.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2025, the Group had 99 full-time employees, all of them are located in Mainland China and Hong Kong.

The Group's success depends on its ability to attract, motivate, train and retain qualified personnel. The Group believes it offers its employees competitive compensation packages and an environment that encourages self-development and, as a result, have generally been able to attract and retain qualified personnel and maintain a stable core management team. The Group values its employees and is committed to growing with its own employees.

The Group recruits personnel through professional headhunting companies and recruitment websites. The Group has adopted the Post-IPO Share Option Scheme to link employees' remuneration to their overall performance, and a performance-based remuneration reward system to keep them motivated. The promotion of each employee is not merely based on such employee's position and seniority. The remuneration package of employees generally consists of basic salaries, incentive payments and bonuses. The remuneration policy and package of the employees are periodically reviewed. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees with reference to the prevailing market conditions.

In addition, the Group places strong emphasis on providing trainings to its employees in order to enhance their professional skills, understanding of our industry and work place safety standards, and appreciation of its value, as well as satisfying customer services. The Group offers different training programs for employees at various positions. For example, the Group offers induction training for newly recruited employees to attend as it strives for consistency and high quality of the services it offers to its customers. In addition, the Group provides trainings specifically catering for different skills and knowledge needed for different positions including product training, business training, finance training and management training. The Group strives to maintain a local talent pool and offer a promotion path for excellent employees in the Group.

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of Stock Exchange on October 18, 2022. After deducting the underwriting commissions, incentives and other offering expenses payable by the Company, the Company obtained the net proceeds from the Global Offering (as defined in the Prospectus) of approximately HK\$531.9 million.

The Over-allotment Option (as defined in the Prospectus) was not exercised. The table below sets forth the intended application of the net proceeds and actual usage as at December 31, 2025:

	Amount of net proceeds (HK\$ million)	Percentage of total net proceeds	Net proceeds brought forward for the Reporting Period (HK\$ million)	Utilized net proceeds as at December 31, 2025 (HK\$ million)	Unutilized net proceeds as at December 31, 2025 (HK\$ million)	Expected timetable for the use of unutilized net proceeds
To enhance our R&D capabilities and improve our services and products						
(1) to develop and optimize our algorithms and data analysis capabilities;	53.2	10.0%	17.4	17.4	0.0	—
(2) to upgrade and iterate our AR&VR development engines;	42.6	8.0%	12.2	12.2	0.0	—
(3) to improve our operation capabilities;	37.2	7.0%	15.5	15.5	0.0	—
(4) to develop of our AR, VR & AI content business;	37.2	7.0%	11.1	11.1	0.0	—
(5) to develop our AR&VR SaaS business; and	26.6	5.0%	5.4	5.4	0.0	—
(6) to procure IPs in support of the growth of our AR, VR & AI content business and AR&VR SaaS business.	16.0	3.0%	2.5	2.5	0.0	—
To enhance our sales and marketing function:						
(1) to strengthen our brand image through marketing effort;	53.2	10.0%	16.5	16.5	0.0	—
(2) to enhance our brand awareness through online channels; and	26.6	5.0%	4.3	4.3	0.0	—
(3) to strengthen and optimize our sales and marketing network.	53.2	10.0%	31.0	31.0	0.0	—
For selected mergers, acquisitions, and strategic investments	79.8	15.0%	79.8	79.8	0.0	—
For the development of our Feitian Metaverse platform	53.1	10.0%	11.3	11.3	0.0	—
For our working capital and general corporate purposes	53.2	10.0%	14.1	14.1	0.0	—
Total	531.9	100.0%	221.1	221.1	0.0	

The Company will use the remaining proceeds for the purposes disclosed in the Prospectus. The expected timetable for utilizing the remaining proceeds is based on the best estimates of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Board is of the view that the Company has complied with all applicable principles and code provisions of the Corporate Governance Code throughout the year ended December 31, 2025 and up to the date of this announcement, except for a deviation from the code provision C.2.1 of the Corporate Governance Code, that the roles of Chairman and chief executive officer of the Company are not separated and are both performed by Mr. Wang Lei. With extensive experience in the technology services and game development industry, Mr. Wang Lei has been responsible for the strategic development, overall operation and management and major decision-making of the Group and been instrumental to its growth and business expansion since he joined the Group. The Board considers that vesting the roles of Chairman and chief executive officer in the same person is beneficial to the management of the Group. During the year ended December 31, 2025, the balance of power and authority was ensured by the operation of the senior management and the Board, which comprised experienced and visionary individuals. During the year ended December 31, 2025, the Board comprised three executive Directors and three independent non-executive Directors and therefore had a fairly strong independence element in its composition. Decisions to be made by the Board require approval by at least a majority of the Directors. Mr. Wang Lei and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of the Company and will make decisions of the Group accordingly. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of Chairman and chief executive officer is necessary. Save as disclosed above, the Company is in compliance with all applicable code provisions as set out in Part 2 of the Corporate Governance Code during the Reporting Period and up to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and the relevant employees.

Having made specific enquiries to all Directors, all of them have confirmed that they have complied with the Model Code throughout the year ended December 31, 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Board has established the Audit Committee with written terms of reference in compliance with the requirements of the Corporate Governance Code. The terms of reference of the Audit Committee are set out on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.floatingcloud.com>).

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Jiang Yi, Ms. Li Yue and Mr. Li Shaojie, with Ms. Li Yue serving as the chairlady. The principal duties of the Audit Committee are to review and supervise the financial reporting process and internal control system.

The Audit Committee has jointly discussed with the management and the external auditor of the Company about the accounting principles and policies adopted by the Company, and discussed and reviewed internal control, risk management and financial reporting matters (including the review of the annual results for the year ended December 31, 2025) of the Group. The Audit Committee and the independent auditor considered that the annual results are in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. Accordingly, the Audit Committee recommends the Board to approve the consolidated financial statements of the Group for the year ended December 31, 2025.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) throughout the year ended December 31, 2025. The 59,100 treasury Shares held by the Company as at December 31, 2025 and as at the date of this announcement was the 1,182,000 shares of the Company repurchased in June 2024, which were then consolidated on the basis that every twenty (20) issued and unissued shares be consolidated into one (1) consolidated share (as described under the paragraph headed “**SHARE CONSOLIDATION**” in this announcement).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at date of this announcement.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On February 5, 2026, the Company disposed on the open market a total of 22,995,000 H shares of Yichen, representing approximately 10.24% of the total issued H shares of Yichen as at February 5, 2026, at an aggregate consideration of approximately HK\$13.97 million (exclusive of transaction costs). The average selling price (excluding transaction costs) for the Disposal is approximately HK\$0.6077 per H share aforementioned. Upon completion of such disposal and as at the date of this announcement, the Company owns 2,600,000 H shares of Yichen, representing approximately 1.16% of its totally issued H shares.

Save and except for the disclosure above, there is no subsequent event after the Reporting Period which has a material impact on the Group.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Tuesday, 9 June 2026. A notice convening the AGM and all other relevant documents will be published and despatched to the Shareholders who have elected to receive printed copies in April 2026.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 4 June 2026 to Tuesday, 9 June 2026, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at AGM, during which period no transfer of Shares will be registered. The record date will be Tuesday, 9 June 2026. In order to be eligible to attend and vote at the AGM, all properly completed transfers documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 3 June 2026, being the last registration date.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.floatingcloud.com>). The annual report for the year ended December 31, 2025 will be dispatched to the Shareholders who have elected to receive printed copies and published on the above websites in due course.

DEFINITIONS

“advertising customer(s)”	advertising customers include advertisers and their agents
“AGM”	the annual general meeting of the Company
“AI”	artificial intelligence
“AIGC”	AI generated content
“AR”	augmented reality, an interactive experience of a real-world environment where the objects that reside in the real world are enhanced by computer-generated perceptual information
“Audit Committee”	the audit committee of the Board
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

“Beijing Flowing Cloud”	Beijing Flowing Cloud Technology Co., Ltd.* (北京飛天雲動科技有限公司), a limited company established in the PRC on November 17, 2021 and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Chairman”	the chairman of the Board
“China” or “the PRC”	the People’s Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Flowing Cloud Technology Ltd, an exempted company incorporated in the Cayman Islands with limited liability on June 24, 2021, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 6610)
“Consolidated Affiliated Entities”	the entities the Group controls through the Contractual Arrangements
“Consolidated Share(s)”	ordinary share(s) of par value of US\$0.00020 each in the share capital of the Company immediately after the Share Consolidation
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Beijing Flowing Cloud, the Consolidated Affiliated Entities and the Registered Shareholders (as defined in the Prospectus), the details of which are set out in the section headed “Contractual Arrangements” in the Prospectus
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“FVTOCI”	fair value through other comprehensive income
“Group”, “Flowing Cloud”, “our”, “we” or “us”	the Company, its subsidiaries and the Consolidated Affiliated Entities at the relevant time

“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	IFRS Accounting Standards
“IP”	intellectual property
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the Main Board of the Stock Exchange
“MCN”	multi-channel network
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MR”	mixed reality, a blend of physical world and digital world
“PGC”	professionally generated content
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally adopted by the Company on September 8, 2022
“Prospectus”	the prospectus issued by the Company dated September 29, 2022
“R&D”	research and development
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the one-year period from January 1, 2025 to December 31, 2025
“SaaS”	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted

“Share Consolidation”	the share consolidation on the basis of every twenty (20) issued and unissued Shares be consolidated into one (1) Consolidated Share
“Share(s)”	ordinary share(s) with nominal value of US\$0.0002 (US\$0.00001 before Share Consolidation) each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries” or “subsidiary”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollar(s), the lawful currency of the United States of America
“VR”	virtual reality, the computer generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way
“XR”	extended reality, a combined term for AR, VR and MR
“%”	percent

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

Hong Kong, March 25, 2026

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