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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)

**(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON
THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

Financial Adviser to the Company



Diligent Capital Limited

Placing Agent to the Company



CNI Securities Group Limited

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from US\$50,000 divided into 250,000,000 Shares of US\$0.0002 each to US\$400,000 divided into 2,000,000,000 Shares of US\$0.0002 each by the creation of an additional 1,750,000,000 unissued Shares of US\$0.0002 each. Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective upon passing of such ordinary resolution on the date of the EGM.

In order to accommodate the Rights Issue and provide the Company with greater flexibility to raise funds in the future, the Board considers the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, at the Subscription Price of HK\$0.6 per Rights Share, to raise gross proceeds of approximately HK\$312.1 million before deducting the costs and expenses by way of issuing up to 520,115,040 Rights Shares (assuming no change in the total issued share capital of the Company on or before the Record Date). The Rights Issue is non-underwritten, available only to the Qualifying Shareholders, and not available to the Non-Qualifying Shareholders.

Assuming that there are no changes to the total issued share capital of the Company on or before the Record Date, and that there is full acceptance of the Rights Issue, the estimated maximum net proceeds from the Rights Issue (after deducting all estimated expenses) are approximately HK\$306.8 million.

The Rights Shares (when allotted, issued, and fully paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made, or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis, irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the total issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is conditional on minority Shareholders' approval at the EGM in accordance with the requirements of Rule 7.19A of the Listing Rules.

Pursuant to Rule 7.27A(1) of the Listing Rules, where Shareholders' approval is required for a rights issue under Rule 7.19A, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As of the date of this announcement, the Company does not have a controlling shareholder as defined by the Listing Rules. However, Mr. Wang, who serves as an executive Director, chairman of the Board, and chief executive officer of the Company, holds beneficial interests in 33,491,095 Shares, which represent approximately 25.76% of the total issued share capital of the Company (including the treasury shares) as of the date of this announcement. As a result, Mr. Wang is required to abstain from voting on the proposed resolutions to approve the Rights Issue and the transactions contemplated thereunder at the EGM. Save as the above disclosure, no other Shareholders or Directors are required to abstain from voting in favour of the proposed resolution to approve the Rights Issue and the transaction contemplated thereunder at the EGM.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company, (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue and the transactions contemplated thereunder.

A circular including, among other things, (i) further information on the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before Tuesday, 28 July 2026 in compliance with the Listing Rules.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents to the Qualifying Shareholders, which contain, among other things, details of the Rights Issue.

The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from US\$50,000 divided into 250,000,000 Shares of US\$0.0002 each to US\$400,000 divided into 2,000,000,000 Shares of US\$0.0002 each by the creation of an additional 1,750,000,000 unissued Shares of US\$0.0002 each. Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective upon passing of such ordinary resolution on the date of the EGM.

In order to accommodate the Rights Issue and provide the Company with greater flexibility to raise funds in the future, the Board considers the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue:	Four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date
Subscription Price:	HK\$0.6 per Rights Share
Net subscription price per Rights Share (i.e., the subscription price, after deducting the expenses associated with the rights issue):	HK\$0.59 per Rights Share
Number of Shares in issue as at the date of this announcement (excluding treasury shares):	130,028,760 Shares

Maximum number of Rights Shares:	up to 520,115,040 Rights Shares (assuming that there are no changes to the total issued share capital of the Company on or before the Record Date, and that no fractional Shares will be issued)
Aggregate nominal value of the Rights Shares:	Up to US\$104,023.008 (assuming that there are no changes to the total issued share capital of the Company on or before the Record Date)
Number of Shares in issue immediately upon completion of the Rights Issue:	Up to 650,143,800 Shares (assuming that there are no changes to the issued share capital of the Company on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before the Completion)
Maximum gross proceeds to be raised from the Rights Issue:	up to approximately HK\$312.1 million before expenses (assuming that there are no changes to the total issued share capital of the Company on or before the Record Date, and that the Rights Shares will be taken up by the Qualifying Shareholders, any Rights Shares that remain unsubscribed will be successfully placed by the Placing Agent under the Placing)

Assuming there are no changes to the total issued capital of the Company on or before the Record Date, the issuance of 520,115,040 Rights Shares pursuant to the terms of the Rights Issue will represent (i) 400% of the total issued share capital of the Company (excluding treasury shares) as at the date of this announcement; and (ii) 80% of the total issued share capital of the Company (excluding treasury shares) after the allotment and issuance of the Rights Shares upon the Completion.

As at the date of this announcement, the Company has 59,100 treasury Shares and has outstanding 1,466,500 Share Options entitling the holders thereof to subscribe for an aggregate total of 1,466,500 Shares under the Share Option Scheme.

Save as disclosed, the Company has no outstanding share options, warrants, options, convertible securities, or other similar rights that are convertible or exchangeable into Shares as at the date of this announcement.

Undertakings

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of its intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue as at the date of this announcement.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will provide the Prospectus Documents solely to the Qualifying Shareholders. For Non-Qualifying Shareholders, the Company may reasonably make copies of the Prospectus available for informational purposes only, based on the guidance of its legal advisers in the relevant jurisdictions. However, please note that no PAL will be issued to Non-Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must, at the close of business on the Record Date: (i) be registered on the registers of members of the Company; and (ii) not be the Non-Qualifying Shareholders.

To be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Thursday, 20 August 2026.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 11 August 2026 to Monday, 17 August 2026 (both days inclusive) for determining the eligibility of Shareholders to attend and vote at the EGM.

The register of members of the Company will be closed from Friday, 21 August 2026 to Thursday, 27 August 2026 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

Subscription Price

The Subscription Price of HK\$0.6 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 24.05% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 24.24% to the average closing price of approximately HK\$0.792 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;
- (iii) a discount of approximately 23.27% to the average closing price of approximately HK\$0.782 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the Last Trading Day;
- (iv) a discount of approximately 5.96% to the theoretical ex-rights price of approximately HK\$0.638 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 19.39%, which is calculated based on the theoretical ex-rights price of approximately HK\$0.6384 per Share and the benchmarked price of HK\$0.792 per Share (as defined under Rule 7.27B of the Listing Rules, taking account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement); and
- (vi) a discount of approximately 93.66% to the audited net asset value per Share of approximately RMB8.52 (equivalent to approximately HK\$9.46) based on the latest audited consolidated net asset value of approximately RMB1,108,605,000 (equivalent to approximately HK\$1,230,552,000) as at 31 December 2025 and the number of Shares in issue as at the date of this announcement (i.e., 130,087,860 Shares).

The Subscription Price was arrived at with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the financial position of the Group; and (iii) the reasons as discussed in the section headed “**REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS**” in this announcement.

To elaborate, the Board noted that the Subscription Price represents a discount to the closing price of the Shares on the Stock Exchange on the Last Trading Day, as well as the closing prices in the preceding five consecutive trading days and the latest published unaudited consolidated net asset value per Share. In determining the Subscription Price, the Board expressly considered the size of that discount and a range of quantitative and qualitative factors, including: (i) the historical trading level of the Shares since the publication of the Group’s 2025 annual results, during which the Shares have traded persistently below the Group’s latest published unaudited consolidated net asset value per Share, such that net asset value per Share may not be a meaningful standalone benchmark for price fairness; (ii) the Group’s recent financial performance, including continuous annual losses from 2024 and the consequent reduction in total equity from approximately RMB1,452,232,000 as at 31 December 2023 to approximately RMB1,108,605,000 as at 31 December 2025, which may affect market sentiment and valuation; (iii) the relatively limited liquidity of the Shares in the 12 months before the Last Trading Day, which the Board recognised could justify a discount to improve take-up; (iv) the fact that the Rights Issue is being offered to all Qualifying Shareholders on a pro rata basis, so the discounted Subscription Price does not disadvantage eligible shareholders and provides them with an equal opportunity to participate; and (v) that Qualifying Shareholders who do not wish to take up their entitlements may realise value by selling their nil-paid Rights Shares in the market.

Furthermore, the Directors acknowledge that the audited net asset value (NAV) per Share was approximately RMB8.52 (equivalent to around HK\$9.46) as of 31 December 2025, representing a significant discount of approximately 93.66% relative to the Subscription Price. However, the Directors consider this as having limited relevance when determining the Subscription Price for the Rights Issue after considering (i) the audited NAV may be subject to influences from accounting timing and non-cash revaluation items, which do not necessarily reflect the marketability or liquidity of the Shares; (ii) analysis of market data from the period 2 January 2026 to 30 June 2026 (the “**Review Period**”) demonstrates that Shares consistently traded at a significant discount to the NAV per Share, with closing prices varying between HK\$0.75 and HK\$1.93. This enduring discount indicates that market participants place greater emphasis on observable trading prices and prevailing liquidity conditions than on the audited NAV alone; (iii) trading volumes during the Review Period exhibited low volatility, with an average of approximately 289,038 Shares traded per trading day during the Review Period, ranging from 10,700 Shares (approximately 0.008% of the entire issued share capital excluding Treasury Shares) at the lowest point on 12 March 2026 to 3,247,301 Shares (approximately 2.49% of the entire issued share capital excluding Treasury Shares) at the highest point on 16 April 2026. With the exclusion of two trading days with less than 10,000 Shares traded and one trading day with more than 13 million

Shares traded as outlier statistics, this scenario reflects limited liquidity of the Shares and suggests that the NAV will not indicate such price at which new equity can realistically be issued to existing Shareholders; and (iv) the Company is currently facing immediate funding requirements.

To facilitate the Rights Issue and attract participation from Qualifying Shareholders under current market conditions, the Directors are of the view that the Subscription Price should be set in line with historical market prices which is sufficiently recent and observable and investor sentiment. Setting a subscription price near the audited NAV will not attract sufficient interest, given the audited NAV per Share is approximately 1,097.47% premium of the trading price on the Last Trading Day and with the limited liquidity, such hypothetical Subscription Price could compromise the effectiveness of the fundraising initiative. In light of these considerations, the Directors have given greater weight to market pricing and liquidity factors than to the audited NAV per Share in determining the Subscription Price.

Having balanced the Company's funding needs against Shareholder interests, and having considered the foregoing factors and market conditions, the Board concluded that the benefits of proceeding with the Rights Issue at a discounted Subscription Price outweigh the disadvantage. The discount was set to encourage participation and to improve the likelihood of successful capital raising.

The Directors (excluding the members of the Independent Board Committee, comprising all the independent non-executive Directors, and whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares is estimated to be approximately HK\$0.59 (assuming no change in the issued share capital of the Company on or before the Record Date).

Status of the Rights Shares

The Rights Shares (when allotted, issued, and fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made, or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be four (4) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of PRC Southbound Trading Investors

According to the "Stock Connect Southbound Shareholding Search" available on the Stock Exchange's website, as at the date of this announcement, China Clear held 12,241,951 Shares, representing approximately 9.41% of the total number of the issued Shares.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell (in full or in part) their nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange; and/or (b) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants, as the case may be) whose stock accounts in China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange, but cannot purchase any nil-paid Rights Shares or transfer such nil-paid Rights Shares to other PRC Southbound Trading Investors until after the Company completes its filing with the CSRC in accordance with the CSRC Notice.

The Company will file the Prospectus Documents with the CSRC in accordance with the CSRC Notice, and upon completion of such filing, the PRC Southbound Trading Investors may participate in the Rights Issue through China Clear.

The PRC Southbound Trading Investors should consult their intermediary (including brokers, custodians, nominees, or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear and provide instructions to such intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated in the section headed “EXPECTED TIMETABLE OF THE RIGHTS ISSUE” of this announcement and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The Board was advised that, as the Prospectus Documents are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notice, the Rights Shares (in nil-paid or fully-paid forms) to be issued to the PRC Southbound Trading Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than (a) Hong Kong and (b) the PRC in accordance with the CSRC Notice. Overseas Shareholders (other than PRC Southbound Trading Investors) may not be eligible to take part in the Rights Issue.

According to the register of members of the Company as at the date of this announcement, there were one (1) with registered addresses situated in the PRC, who held 3,229,400 Shares in aggregate, representing approximately 2.48% of the issued share capital of the Company as at the Last Trading Day.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make inquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) with registered addresses in the jurisdictions set out above. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders (other than PRC Southbound Trading Investors). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on a pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Compensatory Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties.

Overseas Shareholders (other than PRC Southbound Trading Investors) should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Fractional entitlement

On the basis of provisional allotment of four (4) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought on any other stock exchanges.

Dealing in the Rights Shares in their nil-paid and fully paid forms will be in the board lots of 1,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms, will be accepted as eligible securities by HKSCC for deposit, clearance, and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully paid forms will be subject to the payment of (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) SFC transaction levy, and (iv) any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Wednesday, 7 October 2026.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched by ordinary post on or before Wednesday, 7 October 2026 at the respective Shareholders' own risk.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis, irrespective of the level of acceptances of the provisionally allotted Rights Shares.

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares that remain unplaced under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code and the Company to ensure the compliance of the requirements of the sufficient public float be maintained upon the Completion in accordance to the note to Rule 7.19(5) and 8.08 of the Listing Rules.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

On 15 July 2026, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best-effort basis, procure, by not later than 4:00 p.m. on Tuesday, 29 September 2026, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any Unsubscribed Rights Shares that are not placed will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only, and the Company will retain individual amounts of less than HK\$100 for its benefit.

The Placing Agreement

On 15 July 2026 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The principal terms of the Placing Agreement are summarised below.

Date:	15 July 2026
Issuer:	The Company
Placing Agent:	As at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.
Placing Period:	The period from Monday, 21 September 2026 up to 4:00 p.m. on Tuesday, 29 September 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.
Placing Price:	The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price, and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process.

Placing commission:	Subject to completion of the Placing, the Company shall pay the Placing Agent a placing commission equal to the greater of: (a) 1% of the amount equal to the Placing Price multiplied by the total number of Unsubscribed Rights Shares successfully placed by the Placing Agent; and (b) a fixed placing commission of HK\$2 million. The Placing Commission will be payable in cash only and will not bear interest.
Placees:	The placees shall be professional, institutional and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company, its subsidiaries, or their respective associates.
Ranking of the Unsubscribed Rights Shares:	The placed Unsubscribed Rights Shares (when allotted, issued and fully paid, if any) shall rank <i>pari passu</i> in all respects among themselves and with the Shares in issue as at the date of completion of the Placing.
Conditions of the Placing Agreement:	The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions (the “ Placing Conditions ”) being fulfilled:

- (i) the Increase in Authorised Share Capital having become effective;
- (ii) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions regarding the force majeure events.

None of the above Placing Conditions may be waived by the parties to the Placing Agreement. For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use reasonable endeavours to procure the satisfaction of the Placing Conditions on or before the Placing Long Stop Date, but if any of the Placing Conditions shall not be so satisfied or become incapable of satisfaction by the Placing Long Stop Date, all rights, obligations and liabilities of the Placing Agent and of the Company thereunder shall cease and determine and none of the parties thereto shall have any claim against the other in relation thereto, save in respect of any antecedent breach of the Placing Agreement.

Termination:

Either party may, by written notice to the other party at any time prior to the Completion, terminate the Placing Agreement if any of the following events occur and, where capable of remedy, are not remedied within five (5) Business Days after written notice:

- (1) any of the Placing Conditions is not satisfied or becomes incapable of satisfaction by the Placing Long Stop Date, or the Rights Issue is withdrawn, lapses, or does not become unconditional; or
- (2) the other party commits a material breach of the Placing Agreement or any of its representations, warranties, or undertakings proves to have been materially untrue, inaccurate, or misleading; or
- (3) it becomes unlawful for either party to perform its material obligations under the Placing Agreement, or any injunction, order, or direction of a governmental, regulatory, or judicial body prevents completion of the Placing; or
- (4) in the case of termination by the Company only, the Placing Agent or any proposed sub-placing agent ceases to be duly licensed or otherwise fails to comply with the Listing Rules, the Takeovers Code or other applicable laws and regulations, or appoints any sub-placing agent without the Company's prior written consent; or
- (5) in the case of termination by the Company only, the Placing Agent fails to use reasonable endeavours to carry out the Placing in a timely and compliant manner or proposes any Placee who does not meet the requirements outlined in the Placing Agreement and does not promptly replace such Placee after notice from the Company.

Upon termination of the Placing Agreement, all rights, obligations and liabilities of the parties thereto shall cease and determine and no party shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breach of the Placing Agreement finally determined.

The Compensatory Arrangements comply with the requirements under Rule 7.21(1)(b) under which the No Action Shareholders may be compensated even if they do nothing (i.e., neither subscribe for Rights Shares nor sell their nil-paid rights), given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties. Any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The Placing Agent confirms that it is an Independent Third Party. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company, with reference to the prevailing market rate, and the Company considers the terms to be normal commercial terms.

The Company believes the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interests of the Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Compensatory Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (1) the passing of the necessary resolutions by the Shareholders (or as the case may be, the Independent Shareholders) at the EGM approving, among other things, the Increase in Authorised Share Capital and the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Posting Date of a certificate authorizing registration of the Prospectus with Hong Kong Companies Registry;

- (2) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong, the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto), in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, not later than the Posting Date;
- (3) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (4) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully paid forms) by no later than the first day of their dealings;
- (5) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (6) all other necessary waivers, consents, and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the conditions referred to above are not fulfilled at or before 4:00 p.m. on Tuesday, 29 September 2026 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in four primary services: (i) providing marketing solutions utilizing augmented reality (AR) and virtual reality (VR); (ii) offering sales of content related to AR, VR, and artificial intelligence (AI); (iii) delivering integrated marketing, platform, and live promotion services; and (iv) developing software-as-a-service (SaaS) platform solutions for AR and VR applications.

The Directors believe the Rights Issue will raise the Group's corporate profile and strengthen its capital base, enabling further expansion of the Group's operations.

The estimated net proceeds from the Rights Issue (the “**Net Proceeds**”), after deduction of all estimated expenses, are approximately HK\$306.8 million. This estimate assumes full acceptance of the Rights Issue and that no new shares are allotted or issued prior to the Record Date. The Directors intend to apply the Net Proceeds as follows (and expect full utilisation within 18 months after the Completion):

- (i) approximately HK\$163.8 million, representing approximately 53.39% of the Net Proceeds, for expansion of the Group’s artificial intelligence capabilities. This allocation will fund research and development (R&D) for the Group’s AI platform, development and productisation of AI platform modules, and upgrades to related hardware and software infrastructure to support capital investment in the AI platform over the next 18 months;
- (ii) approximately HK\$93.0 million, representing approximately 30.31% of the Net Proceeds, for repayment of the Group’s short-term bank borrowings that are expected to mature within 12 months after the Completion; and
- (iii) approximately HK\$50.0 million, representing approximately 16.30% of the Net Proceeds, for general corporate and administrative working capital within 12 months after the Completion, including administrative expenses and distribution and selling costs.

Expansion of the Group’s artificial intelligence capabilities

As disclosed in the Company’s annual report for the year ended 31 December 2025 (the “**2025 Annual Report**”), the Group has launched a custom AI software platform that generates text, images, video, and 3D content to support its AR/VR/XR services. This initiative seeks to address the growing market demand for more frequent, lower-cost, and faster content production. It aligns seamlessly with the Group’s strategic roadmap, AI+XR, and aims to shift revenue from customised projects toward reusable, platform-level offerings that enhance gross margins.

In support of this strategic expansion, the Company proposes to raise capital and allocate part of the Net Proceeds to expand AI capability development, productize platforms, and build the supporting infrastructure across its AR/VR and AI content, digital human, livestream promotion, platform services, and offline mixed reality entertainment businesses.

The initiative will focus on five core areas:

1. **AI content generation:** This area encompasses the systematic creation of diverse content types, including text, images, videos, scripts, storyboards, marketing materials, and interactive elements. These resources will support the Group’s marketing campaigns, enhance the production of AR and VR content, and facilitate the development of digital human experiences;

2. **AI+XR integration:** This involves the incorporation of AI-generated content (AIGC) to assist in the generation and processing of three-dimensional (3D) assets, the creation of virtual environments, and the development of interactive modules. Such efforts will bolster the execution of AR, VR, and AI content projects while optimizing offline mixed-reality entertainment offerings.
3. **Digital human capabilities:** This component focuses on advancing technologies related to voice-driven interactions, facial recognition, gesture and motion control, role management, broadcast control, and real-time interactions. These advancements will enhance applications in livestream promotions, digital human sales, and customer service, as well as scalable digital labor solutions.
4. **Enterprise AI agents and knowledge bases:** This area is dedicated to developing customer knowledge bases, industry-specific libraries, workflow engines, and integration systems relevant to the Group's platform services and enterprise integration projects.
5. **Compute and infrastructure:** This essential component addresses critical services, including cloud computing, inference resources, model orchestration, data storage, as well as security and compliance measures, elements vital to supporting all AI product platforms and ensuring the effective delivery of projects.

With this planned scope of development, the Company aims to achieve the following objectives:

- (i) **Cost Reduction & Efficiency:** Improve production efficiency for marketing assets, 3D content, digital human scripts, and interactive materials. Success will be evaluated based on shorter production lead times, higher reuse rates for outsourced work, and improved project delivery efficiency.
- (ii) **Productization:** Streamline and consolidate the Group's diverse AI capabilities into reusable platforms, tools, and modules. Measurable success will include the release of platform versions, the launch of functional modules, and the development of reusable templates.
- (iii) **Commercialization**:** Create pilot solution packages for AI+XR, digital humans, enterprise agents, and offline mixed reality scenarios. Success will be assessed through the number of pilot projects initiated, conversions of pilots into customer contracts, and the successful rollout of stores or scenes; and

- (iv) Infrastructure: Establish robust multi-model integration, compute orchestration, data security, and cost-monitoring capabilities. Success will be indicated by stable model invocation, active monitoring and management of compute costs, and the maintenance of an accurate security and compliance record.

Funding will be prioritised for R&D, product platform development, compute capacity, external technical partnerships, data/model integration, security/compliance, and commercial pilots for validation.

The program is phased over an 18-month timetable with clear deliverables and acceptance criteria.

- i) within the 6 months, the Company targets upgraded core AI modules, content-generation tools, basic digital human functions, a platform foundation, and model integration, validated by internal testing, an internal trial release, and completed compute/model-call inventories;
- ii) by 12-months, the objective is demo, ready AI content and digital-human platforms and productised AI+XR tools, validated through external demos, initial pilot deployments, and established reusable templates and delivery standards; and
- iii) by 18 months, the goal is to have repeatable solution packages for AI+XR, digital humans, enterprise agents, and mixed reality scenarios, validated by finished product packages with pricing logic, delivery documentation, and commercial case studies ready for roll-out.

In accordance with the aforementioned development plan, the Company proposes to allocate HK\$163.8 million from the Net Proceeds to support this initiative. The proposed investment budget is outlined below:

- a) approximately HK\$32.76 million for computing, cloud services, and infrastructure;
- b) approximately HK\$57.33 million for external technical partnerships and outsourced R&D, along with HK\$21.29 million for internal R&D personnel and project management;
- c) approximately HK\$31.12 million for the development of AI product platform;
- d) approximately HK\$9.8 million for data and model integration, as well as security and compliance measures; and
- e) approximately HK\$11.5 million for commercial pilots and proof-of-concept deployments.

The above allocations will finance technical development, external specialist work, internal delivery capability, and early commercial validation to de-risk scaling.

Apart from the product commercialisation, the expansion is expected to create significant synergies across the Group's various businesses.

- I. In the area of AR/VR marketing services, AI will enhance the production of marketing assets, event scripts, and interactive content, allowing for quicker delivery to multiple clients and generating consistent revenue through repeated content iterations.
- II. For AR/VR and AI content, AI-generated content (AIGC) will assist in 3D generation and standardized interactions, reducing repetitive production costs and enabling the development of platform-based tools.
- III. In the digital human business, advancements in voice, motion, and broadcast control will improve livestreaming, sales, customer service, and overall monetization.
- IV. For platform services, integrating enterprise agents, knowledge bases, and workflow engines will bolster enterprise integration and boost platform revenue.
- V. In offline mixed reality (MR) entertainment, AI-driven content updates, interactions with non-playable characters (NPCs), and in-store assistants will enhance operational efficiency and create additional value-added services.

Overall, these initiatives are designed to convert current service capabilities into scalable, repeatable products, accelerate commercialization through pilot programs and partnerships, and mitigate delivery and compliance risks through robust infrastructure and structured governance. This strategic approach underscores the rationale for the Rights Issue and the targeted allocation of proceeds to expand the Group's AI capabilities.

Repayment of the Group's bank borrowings

According to the 2025 Annual Report, as at 31 December 2025, the Group's current liabilities amounted to approximately RMB456.9 million, while total liabilities were around RMB465.7 million. The Group had total outstanding bank borrowings of about RMB113.0 million, which have been classified as current liabilities and due for repayment within 12 months from the year ended 31 December 2025, with effective interest rates of approximately 2.4% to 5.8% per annum. Additionally, according to the Group's latest unaudited management accounts for the five months ended 31 May 2026, it was recorded that cash and cash equivalents amounted to approximately RMB4.1 million. This situation reflects a significant shortfall in near-term cash resources and creates considerable uncertainty about the Group's ability to meet its upcoming repayment obligations solely from operating cash flows.

As of the date of this announcement, the total outstanding bank borrowings have been reduced to approximately RMB101 million. Excluding the amount due to lender E (as defined in the table below), which has an outstanding principal of approximately RMB5 million and is repayable in 2028, the remaining balance of approximately RMB96 million is due for repayment within 12 months following Completion. Below are the key terms of the Group's existing bank borrowings as of this date:

Lender (Financial Institution)	Amount <i>RMB'000</i>	Tenor	Maturity date	Interest Rate
A	10,000	1 year	15 January 2027	2.85%
B	8,000	1 year	26 February 2027	4.00%
C	10,000	1 year	18 March 2027	2.40%
D	4,500	1 year	22 October 2026	2.90%
E	5,000	2 years	30 January 2028	2.65%
F	10,000	1 year	12 January 2027	4.00%
G	6,000	1 year	17 June 2027	2.60%
H	9,500	1 year	22 June 2027	2.90%
I	10,000	1 year	31 July 2026	3.05%
J	10,000	1 year	7 August 2026	3.60%
K	10,000	1 year	10 December 2026	2.45%
L	8,000	1 year	28 June 2027	3.80%
Total outstanding	<u>101,000</u>			

To address the aforementioned short-term funding pressures in light of the need to repay the Group's short term outstanding bank borrowings and preserve operational liquidity, the Company proposes to raise additional capital and apply a portion of the Net Proceeds to reduce outstanding liabilities. Using proceeds for early repayment will lower recurring interest expenses, improve the Group's short-term capital structure and liquidity profile, and strengthen its position to negotiate loan renewals on more favourable terms where required. Any remaining bank borrowings that are not covered by the proceeds will be settled from the Group's existing cash resources.

General corporate and administration working capital purposes

In preparation for the expected expansion of the Company's business activities, the Directors expect a material increase in administrative and operating expenses to support growth. After reviewing the 2025 Annual Report and assessing the Group's distribution and selling expenses, administrative expenses, and cash resources, the Directors intend to allocate HK\$50.0 million from the Net Proceeds to general working capital to ensure stable operations and to support the Group's commercialisation and market expansion initiatives.

The HK\$50.0 million working-capital allocation is budgeted as follows: (i) approximately HK\$25.0 million for selling and distribution expenses to support brand promotion, marketing activities and sales team support for the Group's key products; (ii) approximately HK\$12.0 million for employee salaries and related personnel costs; (iii) approximately HK\$4.0 million for professional service fees; (iv) approximately HK\$4.0 million for rental payments; and (v) approximately HK\$5.0 million for other administrative costs.

This allocation will help preserve operational liquidity, sustain the Group's go-to-market activities, and ensure the business can scale while maintaining service quality and timely delivery. The above-planned proceeds are expected to be fully utilised by Group within 12 months falling after the Completion.

Other fund-raising alternatives

The Directors have considered various ways of raising funds and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund- raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer.

Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner as it may be subject to lengthy due diligence and negotiations with financial institutions, it may as well require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio, further imposing additional financial burden on the Group's future cash flow.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future growth and development of the Group and at the same time offer the Qualifying Shareholders to maintain their respective proportional shareholdings in the Company by taking up their respective rights entitlement, especially in view of the incentive for participating in the Rights Issue and subscribing for the Rights Shares given the discount of the Subscription Price as compared to the current market price of the Shares. Furthermore, the Rights Issue, if substantiated, will be able to strengthen the financial position of the Group by raising additional funds and thereby providing a higher liquidity to increase the Group's operational flexibility and to sustain its capability for financing any of its potential business development opportunities upon the Group's existing businesses and/or anticipated expansion, as and when suitable opportunity arises.

Having considered the abovementioned alternatives, the Directors consider that raising funds through the Rights Issue is more attractive in the current market conditions. The Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.

Conclusion

The Group has conducted a detailed assessment of its capital requirements. As at 31 May 2026, the estimated cash and cash equivalents amounted to approximately RMB4.1 million. The Directors intend to allocate these resources to support the Group's general working capital needs.

The Directors are confident that this course of action will not adversely impact the Group's financial performance from its ongoing business activities. Furthermore, the Directors consider that the Rights Issue is in the best interests of the Company and its Shareholders as a whole.

In the event that the proceeds from the Rights Issue fall short of the estimated maximum Net Proceeds, the Company will allocate the funds proportionately. Furthermore, the Company will assess various options, including reducing the proposed investment amount and exploring additional financing and fundraising alternatives.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fundraising activities in the past twelve months immediately before the date of this announcement:

Date of relevant announcements	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
9 September 2025 and 30 September 2025	Placing of new shares under the general mandate	HK\$74.53 million	(i) approximately HK\$44.72 million to acquire advertising traffic from media platforms; (ii) approximately HK\$22.36 million to enhance the Group's research and development capabilities and to improve its service and product offerings; and (iii) approximately HK\$7.45 million to strengthen general working capital.	The respective amount has been used for the relevant purposes as intended.

Save as disclosed above, the Company has not conducted any equity fundraising activities in the past twelve months immediately prior to the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes to the Company's shareholding structure arising from the Rights Issue, for illustrative purposes only. Below is the illustration of the Company's shareholding structure, including:

- (i) as at the date of this announcement (excluding treasury Shares);

- (ii) immediately after the Completion, assuming (a) all Qualifying Shareholders will take up their respective entitlements of the Rights Issue in full, and (b) there are no changes to the total issued share capital of the Company on or before the Record Date (“**Scenario 1**”); and
- (iii) immediately after the Completion, assuming (a) none of the Qualifying Shareholders will take up their respective entitlements of the Rights Shares, (b) the Placing Agent will successfully place all the Unsubscribed Rights Shares under the Placing, and (c) there are no changes to the total issued share capital of the Company on or before the Record Date (“**Scenario 2**”).

Shareholders	As at the date of this announcement		Scenario 1		Scenario 2 (Note 2)	
	Number of Shares	Approximately Shareholding Percentage	Number of Shares	Approximately Shareholding percentage	Number of Shares	Approximately Shareholding Percentage
Mr. Wang (Note 1)	33,491,095	25.76%	167,455,475	25.76%	33,491,095	5.15%
The Placees	—	—	—	—	520,115,040	80.00%
Public Shareholders	96,537,665	74.24%	482,688,325	74.24%	96,537,665	14.85%
Total	130,028,760	100.00%	650,143,800	100.00%	650,143,800	100.00%

Notes:

- Mr. Wang serves as the executive Director, chairman of the Board, and the chief executive officer of the Company. As at the date of this announcement, Mr. Wang was interested in 33,491,095 Shares through Brainstorming Cafe Limited (“**Brainstorming Cafe**”). Brainstorming Cafe is approximately 30% owned by Wanglei Co., Ltd. (“**Wang BVI**”) and approximately 70% owned by Cyber Warrior Holdings Limited (“**Cyber Warrior**”). Wang BVI is wholly owned by Mr. Wang, while Cyber Warrior is entirely owned by Moomoo Trustee (Singapore) Pte. Ltd., which functions as the trustee of a discretionary trust that Mr. Wang established for estate planning purposes, in which Mr. Wang acts as the settlor and protector, with Wang BVI designated as the beneficiary.
- This scenario is for illustrative purposes only. The Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best-effort basis, to subscribe for the Unsubscribed Rights Shares. The Company will take all appropriate steps to ensure that sufficient public float is maintained in compliance with Rule 8.08 of the Listing Rules. In the event that the Rights Issue would result in public float not being maintained, the Company and/or the Placing Agent will take necessary action to place down the Shares such that sufficient public float could be maintained in compliance with Rule 8.08 of the Listing Rules.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue and the Placing set out below is for indicative purposes only and is based on the assumption that all conditions of the Rights Issue and the Placing will be fulfilled.

Events	Date and Time
Expected despatch date of circular together with notice and proxy forms in relation to the EGM for the Increase in Authorised Share Capital and the Rights Issue	Tuesday, 28 July 2026
Latest time for lodging transfers of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 10 August 2026
Closure of the register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM	Tuesday, 11 August 2026 to Monday, 17 August 2026 (both days inclusive)
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Saturday, 15 August 2026
Record date for attendance and voting at the EGM	Monday, 17 August 2026
Expected date and time of the EGM to approve the Increase in Authorised Share Capital and the proposed Rights Issue	11:00 a.m. on Monday, 17 August 2026
Announcement of poll results of the EGM	Monday, 17 August 2026
Register of members of the Company re-opens	Tuesday, 18 August 2026

The following events are conditional on the fulfilment of the conditions relating to the implementation of the Rights Issue and, therefore, the dates are tentative only:

Events	Date and Time
Last day of dealings in the Shares on a cum-rights basis	Tuesday, 18 August 2026
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Wednesday, 19 August 2026

Events	Date and Time
Latest time for lodging transfers of Shares to qualify for the Rights Issue	4:30 p.m. on Thursday, 20 August 2026
Closure of the register of members of the Company for the determination of entitlements to the Rights Issue	Friday, 21 August 2026 to Thursday, 27 August 2026 (both days inclusive)
Record Date for the Rights Issue	Thursday, 27 August 2026
Register of members of the Company re-opens	Friday, 28 August 2026
Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only	Friday, 28 August 2026
First day of dealings in nil-paid Rights Shares	Tuesday, 1 September 2026
Latest time for splitting of PAL	4:30 p.m. on Thursday, 3 September 2026
Last day of dealings in nil-paid Rights Shares	Tuesday, 8 September 2026
Latest time for acceptance and payment for the Rights Shares	4:00 p.m. on Friday, 11 September 2026
Latest time for lodging transfer documents of nil-paid Rights Shares to qualify for the payment of Net Gain	4:00 p.m. on Friday, 11 September 2026
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Friday, 18 September 2026
Commencement of the placing of Unsubscribed Rights Shares by the Placing Agent	Monday, 21 September 2026
Latest time of the placing of Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Tuesday, 29 September 2026
Placing Long Stop Date	Tuesday, 29 September 2026

Events	Date and Time
Announcement of the allotment results of the Rights Issue to be published on the websites of the Stock Exchange and the Company	Tuesday, 6 October 2026
Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place	Wednesday, 7 October 2026
Despatch of refund cheques, if any, if the Rights Issue is terminated	Wednesday, 7 October 2026
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 8 October 2026
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Thursday, 22 October 2026

All times and dates in this announcement refer to local times and dates in Hong Kong. Dates or deadlines specified in the expected timetable above or other parts of this announcement are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal is no. 8 or above, or “extreme conditions” are caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day, which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected timetable of the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the total issued share capital of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is conditional on minority Shareholders’ approval at the EGM in accordance with the requirements of Rule 7.19A of the Listing Rules.

Pursuant to Rule 7.27A(1) of the Listing Rules, where Shareholders’ approval is required for a rights issue under Rule 7.19A, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company does not have a controlling shareholder as defined by the Listing Rules. However, Mr. Wang, who serves as an executive Director, chairman of the Board, and chief executive officer of the Company, holds beneficial interests in 33,491,095 Shares, which represent approximately 25.76% of the total issued share capital of the Company (including the treasury shares) as of the date of this announcement. As a result, Mr. Wang is required to abstain from voting on the proposed resolutions to approve the Rights Issue and the transactions contemplated thereunder at the EGM. Save as the above disclosure, no other Shareholders or Directors are required to abstain from voting in favour of the proposed resolution to approve the Rights Issue and the transaction contemplated thereunder at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.638 per Share, HK\$0.792 per Share and approximately 19.39%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

An Independent Board Committee, comprising all independent non-executive Directors, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company, (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue and the transactions contemplated thereunder.

A circular including, among other things, (i) further information on the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before Tuesday, 28 July 2026 in compliance with the Listing Rules.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents to the Qualifying Shareholders, which contain, among other things, details of the Rights Issue.

The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Clear”	China Securities Depository and Clearing Corporation Limited
“Company”	Flowing Cloud Technology Ltd, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 6610)
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best-effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules

“Completion”	completion of the Rights Issue and the Placing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“CSRC Notice”	the “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (關於港股通下香港上市公司向境內原股東配售股份的備案規定) (Announcement 2016 No. 21) promulgated by the CSRC
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Increase in Authorised Share Capital and the Rights Issue and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital from US\$50,000 divided into 250,000,000 Shares to US\$400,000 divided into 2,000,000,000 Shares by the creation of additional 1,750,000,000 Shares

“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, to be established by the Board for the purpose of advising the Independent Shareholders on the Rights Issue and voting
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Rights Issue and voting
“Independent Shareholders”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information, and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and any of its connected persons or any of their respective associates
“Last Trading Day”	Thursday, 18 June 2026, being the last trading day for the Shares on the Stock Exchange immediately prior to the date of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 11 September 2026 (or such other time or date as may be determined by the Company), being the latest time for acceptance of the offer of and payment for the Rights Shares, as described in the Prospectus Documents
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Lei* (汪磊), a controlling shareholder, an executive Director, the chairman of the Board, and the chief executive officer of the Company

“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Compensatory Arrangements
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account of either restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholders”	the Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent to the independent placee(s) during the Placing Period on the terms and conditions set out in the Placing Agreement

“Placing Agent”	CNI Securities Group Limited, a licensed corporation carrying out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated Wednesday, 15 July 2026 (after trading hours of the Stock Exchange) entered into between the Company and the Placing Agent in respect of the Compensatory Arrangements, pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Rights Shares
“Placing Conditions”	condition(s) precedent to the completion of the Placing as set out in the Placing Agreement
“Placing Long Stop Date”	Tuesday, 29 September 2026, or such other date as may be agreed between the Company and the Placing Agent as the latest date for placing, and payment for, the Unsubscribed Rights Shares under the Placing Agreement
“Placing Period”	the period from Monday, 21 September 2026 up to Tuesday, 29 September 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Price”	the placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process
“Posting Date”	Friday, 28 August 2026 or such other date as the Company may announce, being the date of despatch of the Prospectus Documents

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“PRC Southbound Trading Investor(s)”	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and/or the Shanghai Hong Kong Stock Connect
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company, containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and the PAL
“Qualifying Shareholders”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 27 August 2026, or such other date as the Company may announce, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of four (4) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents

“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of four (4) Rights Shares for every one (1) Share in issue on the Record Date, being 520,115,040 Shares based on the Company’s issued share capital as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Option(s)”	the options granted pursuant to the Share Option Scheme, i.e. the 1,466,500 outstanding share options granted by the Company pursuant to the Share Option Scheme as of the date of this announcement
“Share Option Scheme”	the post-IPO share option scheme conditionally adopted by the Company on 8 September 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.6 per Rights Share
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Unsubscribed Rights Shares”

those Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)

“%”

per cent

By Order of the Board
Flowing Cloud Technology Ltd
Wang Lei
Chairman and Executive Director

Hong Kong, 15 July 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.

For the purpose of this announcement, unless otherwise specified, the conversion of RMB into HK\$ is based on the approximate exchange rate from RMB1 = HK\$1.11. The exchange rate is adopted for illustration purposes only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this rate or any other rate at all.

* *for identification purposes*