THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Flowing Cloud Technology Ltd** (the "**Company**"), you should at once hand this Prospectus to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, this Prospectus and the PAL should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 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 their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

飞天云动
FLOWING CLOUD

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)

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

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional documents, the applicable laws in Hong Kong and the Cayman Islands and the Listing Rules, there is no requirement for a minimum subscription level in respect of the Rights Issue. Nevertheless, the Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board — Conditions of the Rights Issue" in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 5:00 p.m. on Friday, 18 December 2026). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on dealt in an ex-rights basis from Friday, 6 November 2026. Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 19 November 2026 to Thursday, 26 November 2026 (both days inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The Latest Time for Acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 1 December 2026. The procedures for acceptance and payment and/or transfer are set out on pages 24 to 26 of this Prospectus.

17 November 2026

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Set out below is the expected timetable for the Rights Issue which is for indicative purposes only and is subject to change. All times and dates in this prospectus refer to Hong Kong local times and dates. It has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change and further announcement(s) will be made by the Company should there be any changes to the expected timetable:

Events	**Date and Time**
Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only	Tuesday, 17 November 2026
First day of dealings in nil-paid Rights Shares	Thursday, 19 November 2026
Designated broker ceases to provide matching services for odd lots of the Shares	4:00 p.m. on Friday, 20 November 2026
Latest time for splitting of PAL	4:30 p.m. on Monday, 23 November 2026
Last day of free exchange of existing share certificates for the Shares in board lot of 1,000 Shares each to new share certificates for the Shares in board lot of 2,000 Shares each	Tuesday, 24 November 2026
Last day of dealings in nil-paid Rights Shares	Thursday, 26 November 2026
Latest time for acceptance and payment for the Rights Shares	4:00 p.m. on Tuesday, 1 December 2026
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Tuesday, 1 December 2026
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Tuesday, 8 December 2026
Commencement of the placing of Unsubscribed Rights Shares by the Placing Agent	Wednesday, 9 December 2026

Latest time of the placing of Unsubscribed Rights Shares by the Placing Agent . . . . . 4:00 p.m. on Thursday, 17 December 2026

Placing Long Stop Date . . . . . Thursday, 17 December 2026

Announcement of the allotment results of the Rights Issue to be published on the websites of the Stock Exchange and the Company . . . . . Wednesday, 23 December 2026

Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place . . . . . Thursday, 24 December 2026

Despatch of refund cheques, if any, if the Rights Issue is terminated . . . . . Thursday, 24 December 2026

Commencement of dealings in fully-paid Rights Shares . . . . . 9:00 a.m. on Monday, 28 December 2026

Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any) . . . . . Monday, 11 January 2027

All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus 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 no. 8 or above, or "extreme conditions" 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.

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

"acting in concert"	has the same meaning ascribed thereto under the Takeovers Code
"Announcements"	the announcements of the Company dated 15 July 2026, 28 July 2026, 29 July 2026, 21 August 2026, 25 August 2026, 11 September 2026, 25 September 2026 and 5 October 2026 in relation to, among other things, the Increase in Authorised Share Capital, Change in Board Lot Size and the Rights Issue
"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
"Change in Board Lot Size"	the proposed change in the board lot size of 1,000 Shares to 2,000 Shares
"China Clear"	China Securities Depository and Clearing Corporation Limited
"Circular"	the circular of the Company dated 9 October 2026 in respect of among others, the Increase in Authorised Share Capital, Change in Board Lot Size and the Rights Issue

"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
"Company"	Flowing Cloud Technology Ltd, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6610)
"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 shareholder(s)"	has the meaning ascribed to it under the Listing Rule
"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 held on Monday, 2 November 2026 to consider and, if thought fit, approve Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder
"General Rules of HKSCC"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

"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
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
"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 Shareholder(s)"	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"	15 July 2026, being the last trading day for the Shares on the Stock Exchange immediately prior to the date of the Announcement
"Latest Practicable Date"	12 November 2026, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein

"Latest Time for Acceptance"	4:00 p.m. on Tuesday, 1 December 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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"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 Shareholder(s)"	those Qualifying Shareholder(s) who do not subscribe for the Rights 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 either restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
"Overseas Letter"	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue

"Overseas Shareholder(s)"	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 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 Condition(s)"	condition(s) precedent to the completion of the Placing as set out in the Placing Agreement
"Placing Long Stop Date"	Thursday, 17 December 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 Wednesday, 9 December 2026 to Thursday, 17 December 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"	Tuesday, 17 November 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 Prospectus, 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
"Public Float Requirement(s)"	the public float requirement under Rule 13.32B of the Listing Rules
"Qualifying Shareholder(s)"	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"	Monday, 16 November 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)"	Share(s) 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 Latest Practicable Date
"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 option(s) granted pursuant to the Share Option Scheme, i.e. the 972,600 outstanding share options granted by the Company pursuant to the Share Option Scheme as at the Latest Practicable Date
"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(s)"	has the meaning as ascribed to it under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Unsubscribed Rights Share(s)"	those Rights Share(s) 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



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)

Executive Directors:
Mr. Wang Lei *(Chairman)*
Ms. Xu Bing
Mr. Li Yao

Independent non-executive Directors:
Mr. Jiang Yi
Mr. Li Shaojie
Ms. Li Yue

Registered Office:
89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

Headquarters and principal place of business in PRC:
Shop 8, Jingyuan Art Center
Guangqulu No. 3
Chaoyang District
Beijing
PRC

Principal place of business in Hong Kong:
Room 1917, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

17 November 2026

To the Shareholders,

Dear Sir or Madam,

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

INTRODUCTION

References are made to the Circular.

At the EGM, the resolutions for approving, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, were duly passed by the Independent Shareholders by way of poll. Mr. Wang, who is an executive Director, has a beneficial interest in 33,491,095 Shares and controls over the voting right in respect of his Shares. Consequently, Mr. Wang abstained from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The purpose of this Prospectus is to provide you with, among other things, (i) further information on the Rights Issue; and (ii) other certain financial and other general information of the Group as required under the Listing Rules.

1. RIGHTS ISSUE

The terms of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue:	Four (4) Rights Shares for every one (1) 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):	approximately HK$0.59 per Rights Share
Number of Shares in issue as at the Latest Practicable Date (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 to be issued:	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)
Total number of Shares in issue 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 from the Rights Issue:	Up to approximately HK$312.1 million before expenses (assuming there is no further issue or repurchase of new Shares between the Latest Practicable Date and the Record Date and all Rights Shares are taken up by the Qualifying Shareholders or the Unsubscribed Rights Shares are successfully placed by the Placing Agent under the Placing)

Assuming there are no changes to the total issued share 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 Latest Practicable Date; 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 Latest Practicable Date, the Company has 59,100 treasury Shares and has outstanding 972,600 Share Options entitling the holders thereof to subscribe for an aggregate total of 972,600 Shares under the Share Option Scheme.

Adjustment(s) (if any) to the exercise price and/or the number of Shares subject to the outstanding share options as a result of the Rights Issue will be made in accordance with the terms of the share option scheme of the Company and the requirements of the Listing Rules.

The Company will notify the holders of such share options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the share option scheme and such adjustments will be certified by an independent

financial adviser or auditor of the Company (as the case may be). The Company had no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

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 Latest Practicable Date.

Possible adjustments to the outstanding Share Options under the Share Option Scheme

As at the Latest Practicable Date, there were outstanding Share Options ("**Outstanding Share Options**") entitling the holders thereof to subscribe for up to an aggregate of 972,600 Shares under the Share Option Scheme.

Assumed the Outstanding Share Options are fully exercised upon the Completion and no any of the Outstanding Share Options is exercised before the Completion, the following adjustments will be made to the exercise price of the Outstanding Share Options and the number of Shares in accordance with the terms and conditions of the Share Option Scheme and the Listing Rules:

	Immediately before the Completion		**Immediately after the Completion assumed full exercise of the outstanding Share Options upon the Completion**	
Granted Date	**Number of Outstanding Share Options as at the Latest Practicable Date**	**Exercise price per Share**	**Adjusted number of Shares issuable on the exercise in full of the outstanding Share Options**	**Adjusted exercise price per Share** *(HK$)*
14 July 2023	972,600	HK$35.60	1,061,306	32.62

Save for the above adjustments, all other terms and conditions of the Outstanding Share Options granted under the Share Option Scheme remain unchanged.

Vinco Financial Limited, the independent financial adviser of the Company, has certified in writing that the adjustments in respect of the exercise price and the number of the Shares issuable upon full exercise of the Outstanding Share Options are in accordance with the terms and

conditions under the Share Option Schemes upon completion of the Share Consolidation and appropriate, and satisfy the requirements of Rule 17.03(13) of the Listing Rules and the Supplementary Guidance on the Listing Rule 17.03(13) and the Note to the Rule set out in Appendix 1 to the Frequently Asked Question FAQ13 — No.1–20 issued by the Stock Exchange in November 2020 and updated in June 2024 in relation to adjustments to share options.

Undertakings

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

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 avoidance of doubt, unless Qualifying Shareholders submit their requests in writing to the Company for hard copies of the Prospectus, the Company will send the Prospectus to Qualifying Shareholders in electronic form. Meanwhile, the PAL will be despatched to the Qualifying Shareholders individually in printed form. 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, 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.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Closure of register of members

The register of members of the Company was closed from Tuesday, 10 November 2026 to Monday, 16 November 2026 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares was registered during this period.

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 10.45% to the closing price of HK$0.670 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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 into account the higher of (i) the closing price of the Shares of HK$0.79 as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Shares of HK$0.792 as quoted on the Stock Exchange for the five (5) previous consecutive trading days immediately prior to the Last Trading Day); and

(vii) 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 Latest Practicable Date (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 prospectus.

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 at 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 over 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 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 Latest Practicable Date, China Clear held 11,750,300 Shares, representing approximately 9.02% 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 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.

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 filing with CSRC in accordance with CSRC Notice is expected to be completed before the first day of dealing in nil-paid Rights Shares, such that the China Clear will provide nominee service for the PRC Southbound Trading Investors from the same date.

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 prospectus 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 Latest Practicable Date, there was 1 Shareholder with registered addresses situated in the PRC, who held 3,229,400 Shares in aggregate, representing approximately 2.48% of the total issued share capital of the Company as at the Latest Practicable Date.

In compliance with the Listing Rules, the Directors have made enquiries with the legal advisers as to the laws of the PRC, on whether or not under the laws of the PRC the Rights Issue could be extended to the PRC Shareholder(s). The legal adviser to the Company as to the laws of the PRC are of the view that there are no legal restrictions in the PRC which prohibit the PRC Shareholder(s) from subscribing, paying for and receiving the Rights Shares under the Rights Issue; and there are no requirements of any relevant regulatory body in the PRC that limits any right of the PRC Shareholder(s) to subscribe, pay for and receive the Rights Shares under the Rights Issue. Accordingly, the extension of the Rights Issue to the PRC Shareholders and the offering of the Rights Shares to them will not violate any applicable law or regulations in the PRC.

It is the responsibility of the PRC Shareholder(s) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares. Based upon such legal advice, the Directors have decided to extend the Rights Issue to the PRC Shareholder(s), and the PRC Shareholder(s) shall therefore be Qualifying Shareholders.

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) as at the Record Date 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.

No fractional entitlement

Based on the entitlement to subscribe 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 from the Rights Issue. No odd lot matching services in relation to the Rights Issue will be provided.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Change in Board Lot Size, the Company has appointed CNI Securities Group Limited as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares, during the period from 9:00 a.m. on Monday, 2 November 2026 to 4:00 p.m. on Friday, 20 November 2026 (both days inclusive). Shareholders who wish to take advantage of this facility should contact Ms. Lisa Or at CNI Securities Group Limited, Unit A, 26/F, Times Media Centre, 133 Wan Chai Road, Wan Chai, Hong Kong or at telephone number: +852 2153 0898 during office hours (i.e. 9:00 a.m. to 4:00 p.m.) of such period.

Holders of odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders who have any doubt about the odd lots matching arrangement are advised to consult their own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Change in Board Lot Size; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

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 both their nil-paid and fully-paid forms will be in the board lots of 2,000 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 HKSCC and HKSCC 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.

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 Thursday, 24 December 2026.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched by ordinary post on or before Thursday, 24 December 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 deciding to conduct the Rights Issue on a non-underwritten basis and without a minimum subscription level, the Directors have considered the Company's funding needs, prevailing market conditions, the interests of the Qualifying Shareholders and the risks associated with the proposed structure. The Directors considered the following factors:

(i) **Difficulty in obtaining underwriting support**. The Company approached securities firms to underwrite the Rights Issue. However, due to, among other things, the trading performance, trading volume and liquidity of the Shares, the uncertain level of Shareholder participation and the size of the fund-raising, the firms approached declined to provide underwriting support. Accordingly, the Directors consider that proceeding on a non-underwritten basis is a practical and commercially reasonable alternative.

(ii) **Discounted Subscription Price.** The Subscription Price has been set at a discount to the prevailing market price of the Shares to encourage Qualifying Shareholders to participate in the Rights Issue and improve the prospects of raising funds.

(iii) **Flexibility in fund-raising.** The absence of a minimum subscription level enables the Company to proceed with the Rights Issue and use the proceeds actually raised, even if the Rights Issue is not fully subscribed. The Directors consider that this avoids the risk of the Rights Issue being delayed or terminated if a minimum subscription level is not achieved.

(iv) **Fair opportunity for Shareholders to participate.** The Rights Issue is offered to Qualifying Shareholders on a pro rata basis. Qualifying Shareholders may subscribe for their entitlements to maintain their percentage interests in the Company. The discounted Subscription Price also provides an incentive to participate and helps mitigate potential dilution arising from the Rights Issue.

(v) **Arrangements for any shortfall.** If the Rights Issue is not fully subscribed, the Company may prioritise or reallocate the proceeds among its proposed uses and consider alternative financing options, where appropriate. These arrangements provide the Company with flexibility to address any shortfall in proceeds.

The proposed non-underwritten structure and the absence of a minimum subscription level are legally permissible and enable the Company to raise funds in a timely and flexible manner, particularly given the difficulty in obtaining underwriting support.

Having considered the above factors, the Directors consider that proceeding with the Rights Issue on a non-underwritten basis and without a minimum subscription level is in the best interests of the Company and its Shareholders as a whole.

The Directors further consider that the arrangements are fair and reasonable so far as the Shareholders are concerned. The Rights Issue gives all Qualifying Shareholders an equal and pro rata opportunity to participate at the Subscription Price and to avoid or minimise dilution of their interests. Although the non-underwritten structure does not guarantee that the maximum amount of proceeds will be raised, the Directors consider that this is outweighed by the practical difficulty of obtaining underwriting support and the risk that the Rights Issue may otherwise be delayed or not proceed. Accordingly, the Directors consider that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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 not placed 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, Shareholder(s) who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code and/or potentially result in the Company's non-compliance of the Public Float Requirement of the Listing Rules. 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 by the Company to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement. Any subscription money which not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

The scaling-down of applications for Rights Shares will be conducted in a fair and equitable manner, guided by the following principles:

(a) if the scale-down is necessary due to an exceeding of shareholding by a group of Qualifying Shareholders acting in concert (referred to as the "**Affected Group(s) of Shareholders**") rather than an individual Qualifying Shareholder, the allocations of PAL(s) to members of the Affected Group(s) of Shareholders will be determined based on the number of Shares held by the affected applicants on the Record Date; and

(b) the allocations of PAL(s) to different Affected Group(s) of Shareholders and/or affected individual Qualifying Shareholders will be made on a pro rata basis, based on the number of Shares held by the affected applicant(s) and/or affected group(s) of applicant(s) on the Record Date.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 1 December 2026 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed "Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" on the Latest Time of Acceptance in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "Flowing Cloud Technology Ltd" and crossed "**ACCOUNT PAYEE ONLY**". Such payment will constitute acceptance of the provisional

allotment of Rights Shares on the terms of the Prospectus Documents and subject to the memorandum and articles of association of the Company. Any payments for the Rights Shares should be rounded up to nearest cent.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:00 p.m. on Tuesday, 1 December 2026 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed "Expected Timetable — Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" on the Latest Time of Acceptance in this Prospectus), whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer all or part of their rights to more than one person (not as joint holders), the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Monday, 23 November 2026 to the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company is not obliged to but may (at its sole and absolute discretion) treat PAL(s) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete such incomplete PAL(s) at a later stage.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. Qualifying Shareholders must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to such applicant only if the overpaid amount is HK$100 or above.

No receipt will be given in respect of any PAL and/or relevant application monies received. If any of the conditions of the Rights Issue as set out in the section headed "Letter from the Board — The Rights Issue — Conditions of the Rights Issue" is not fulfilled at or before 5:00 p.m. on Friday, 18 December 2026 (or such later date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, on or before Thursday, 24 December 2026.

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 Issue. 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. According 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 Thursday, 17 December 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 No-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK$100 for its own benefit.

The Placing Agreement

The principal terms of the Placing Agreement are summarised as below:

Date	:	15 July 2026
Issuer	:	The Company
Placing Agent	:	As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period	:	The period from Wednesday, 9 December 2026 up to 4:00 p.m. on Thursday, 17 December 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) (where applicable), shall be independent third party(ies) of the Directors, chief executive of the Company or Substantial Shareholders or any of its subsidiaries or any of their respective associates. The Placing Agent shall also ensure that (i) the public float requirement under Rule 13.32B of the Listing Rules remains to be fulfilled by the Company upon Completion; and (ii) the placees, and whose ultimate beneficial owner(s), (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after Completion, none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

The public float requirement under Rule 13.32B of the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 13.32B of the Listing Rules.

Ranking of the Unsubscribed Rights Shares : The placed Unsubscribed Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* 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 are in compliance 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 and 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 an 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 interest of the Independent 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 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 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 5:00 p.m. on Friday, 18 December 2026 (or such later date as the Company may determine), the Rights Issue will not proceed. As at the Latest Practicable Date, conditions (i) abovementioned has been fulfilled, and the Placing Agreement has not been terminated and remained in full force and effect.

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, which is anticipated to be fully utilised on or before the end of June 2028):

(i) approximately HK$163.8 million, representing approximately 53.39% of the Net Proceeds, for expansion of the Group's artificial intelligence (AI) capabilities. This allocation will fund (a) research and development (R&D) for the Group's AI platform, (b) development and productisation of AI platform modules, and (c) upgrades to related hardware and software infrastructure to support capital investment in the AI platform over the next 18 months after the Completion, which is anticipated to be fully utilised on or before the end of June 2028;

(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, which is anticipated to be fully utilised on or before the end of December 2027; 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, which is anticipated to be fully utilised on or before the end of December 2027.

Key phases, milestones and acceptance arrangements

The AI capability expansion programme is expected to be implemented in three phases over 18 months following Completion. Each phase will have defined deliverables, validation procedures and acceptance records.

(i) Phase 1: Foundation and internal validation — within six months after Completion

The Company expects to: (a) upgrade its core AI modules and content-generation tools; (b) enhance basic digital human functions; (c) establish the initial platform architecture; (d) complete model integration; and (e) compile inventories of computing resources and model usage.

The deliverables will be assessed through internal testing and a controlled trial release. Supporting acceptance records are expected to include test cases, defect registers, trial-release records, architecture documentation, computing-resource and model-usage inventories, and sign-off by the relevant technical personnel.

(ii) Phase 2: Product development and pilot deployment — by 12 months after Completion

The Company expects to: (a) develop demonstrable AI content and digital human platforms; (b) productise selected AI+XR tools; (c) conduct external demonstrations and initial pilot deployments; and (d) establish reusable templates and delivery standards.

Supporting evidence is expected to include demonstration records, pilot reports, relevant customer or business-owner feedback, reusable templates, delivery standards and sign-off by the relevant project personnel.

(iii) Phase 3: Commercial solution packages — by 18 months after Completion

The Company expects to develop repeatable solution packages for: (a) AI+XR applications; (b) digital human services; (c) enterprise AI agents; and (d) mixed reality entertainment scenarios.

The solution packages are expected to include pricing frameworks, delivery documentation and commercial case studies to support future rollout and commercialisation. Supporting evidence is expected to include product package lists, pricing frameworks, delivery manuals, case studies, final acceptance reports and management sign-off.

The Company has established internal delivery and acceptance procedures to ensure that the progress and results of the programme are documented, reviewable and traceable. The specific quantitative thresholds, testing environments, sample sizes, defect classifications, acceptance

personnel and sign-off dates will be determined by reference to the relevant approved product requirements documents, technical specifications, testing plans, project charters, procurement contracts and internal authorisation documents.

Use of the AI platform in the Group's AR and VR businesses

The AI platform is intended to enhance the Group's existing AR, VR, XR, digital human, platform services and offline mixed reality businesses. Its principal applications are as follows:

I. AR/VR marketing services

AI will assist in producing marketing assets, event scripts and interactive content. This is expected to shorten production cycles, support faster content iterations and improve the Group's ability to serve multiple clients.

II. AR/VR and AI content

AI-generated content will assist with the creation of three-dimensional assets, virtual environments and standardised interactive content. This is intended to reduce repetitive production work and support the development of reusable platform tools.

III. Digital human business

Enhancements to voice interaction, facial recognition, gesture and motion control, role management, broadcast control and real-time interaction will support livestream promotion, digital human sales and customer service applications.

IV. Platform services

Enterprise AI agents, customer and industry knowledge bases, and workflow engines will be integrated into the Group's platform services. These capabilities are intended to support enterprise integration projects and improve the functionality and commercial potential of the Group's platforms.

V. Offline mixed reality entertainment

AI will support content updates, non-player character interactions and in-store assistant functions, with the aim of improving operational efficiency and creating additional value-added services in offline mixed reality venues.

The above business applications will be supported by five technical workstreams:

— AI content generation;

— AI+XR integration;

— digital human capabilities;

— enterprise AI agents and knowledge bases; and

— computing and infrastructure.

The programme is therefore intended to strengthen shared technical capabilities and convert the Group's existing service offerings into more reusable and scalable products.

Proposed investment budget and financing

In accordance with the above development plan, the Company proposes to allocate approximately HK$163.8 million of the Net Proceeds to the AI capability expansion programme. To present the intended application of the Net Proceeds more clearly, the Company has grouped the proposed investment budget into the following three categories of use:

a) approximately HK$78.62 million will be allocated to the research and development of the Group's existing AI platform and related capabilities, comprising:

   — approximately HK$57.33 million for external technical partnerships and outsourced R&D; and

   — approximately HK$21.29 million for internal R&D personnel and project management.

   The relevant work packages are expected to cover: (i) AI content generation; (ii) AI+XR integration; (iii) digital human functions; (iv) enterprise AI agents and knowledge bases; (v) core AI modules and content-generation tools; (vi) platform foundation components; and (vii) model integration and optimisation capabilities.

   The internal R&D allocation is expected to cover both existing and newly engaged personnel. The estimated expenditure will be determined by reference to the required staffing levels, roles and responsibilities, estimated person-months and applicable staff costs.

The external R&D allocation will fund technical services and specialist support provided by external technical partners, including the development, integration, testing and optimisation of relevant AI modules. The final allocation will depend on the scope of each work package, the relevant technical specifications and the applicable project plans and budgets.

b) approximately HK$42.62 million will be allocated to the development and productisation of AI platform modules, comprising:

— approximately HK$31.12 million for AI product platform development; and

— approximately HK$11.50 million for commercial pilots and proof-of-concept deployments.

This allocation is intended to support the development, refinement and conversion of AI capabilities into reusable and commercially deployable solutions. The relevant modules are expected to include: (i) AI content-generation tools; (ii) AI+XR applications; (iii) digital human solutions; (iv) enterprise AI agents; (v) workflow engines; and (vi) knowledge-base and related platform functions.

The commercial pilot and proof-of-concept budget will support the testing and validation of these modules in selected customer, business or operational scenarios. Depending on the relevant opportunity, such activities may include external demonstrations, initial pilot deployments, productisation testing and the preparation of reusable delivery templates and implementation standards.

The specific customers, use cases and deployment scenarios had not necessarily been determined as at the Latest Practicable Date. The final allocation will depend on the scope and complexity of the relevant modules, development and testing requirements, pilot or proof-of-concept requirements, applicable technical and personnel costs, and the relevant project plans and budgets.

c) Approximately HK$42.56 million will be allocated to the software and hardware infrastructure required to develop, operate and commercialise the AI platform, comprising:

— approximately HK$32.76 million for computing, cloud services and infrastructure; and

— approximately HK$9.80 million for data and model integration, security and compliance measures.

The allocation is expected to cover: (i) cloud and computing resources; (ii) storage capacity; (iii) model invocation and orchestration; (iv) data integration and management; (v) information security and system protection; (vi) compliance controls; and (vii) other software and hardware infrastructure necessary for the reliable operation of the AI platform.

The infrastructure will support both the R&D stage and the subsequent productisation and commercial deployment of the AI modules. The detailed allocation will be determined based on expected computing and storage requirements, projected model usage, required service periods, data integration scope, and applicable security and compliance requirements.

Depending on the relevant project, the Group may procure the required services or equipment from external suppliers or obtain them through cloud-service and other technology-service arrangements. Suppliers, procurement status and final contractual terms will be determined progressively in accordance with the Group's procurement procedures and the approved requirements of each project.

Expected total capital commitment for the development of the AI platform and financing arrangements

The proposed allocation of approximately HK$163.8 million represents the maximum planned budget for the Group's AI capability expansion programme over the 18-month period following Completion, assuming that the maximum estimated Net Proceeds are raised. It is not a minimum or mandatory investment, an irrevocable capital commitment already entered into by the Group, or an indication that the entire amount will necessarily be classified as capital expenditure for accounting purposes. The Group's finance team will determine the accounting treatment of each expenditure item by reference to the relevant contract, project stage and applicable accounting standards.

The principal source of funding for the AI capability expansion programme is the Net Proceeds. As at the Latest Practicable Date, the Group had not entered into any material irrevocable contract or incurred any capital commitment in respect of the unimplemented portion of the programme.

If the Rights Issue is undersubscribed, or if the actual Net Proceeds are lower than expected, the Company will apply the funds raised to its funding needs and allocate them among the proposed uses according to their relative priority. The Company may reduce, defer or cancel the AI-related projects or work packages in the event of the Rights Issue is under-subscribed, having regard to their relative importance.

The Company will also review and, where appropriate, reduce the proposed investment amount and consider additional financing or fundraising alternatives. If the Group subsequently decides to proceed with any AI-related projects requiring funding in excess of the actual Net Proceeds available, the Company will determine the appropriate funding source after obtaining the relevant approvals. Potential sources may include the Group's existing internal resources, cash flows generated from operations and financing facilities available to the Group from time to time.

Expected synergies with the Group's existing businesses

The programme is expected to generate the following synergies:

I. Marketing services: Faster and more efficient production of marketing assets, event scripts and interactive materials.

II. AR/VR and AI content: Greater reuse of three-dimensional assets, virtual environments and interactive components, reducing repetitive production work.

III. Digital human services: Improved voice, motion and broadcast capabilities to support livestreaming, sales and customer-service applications.

IV. Platform services: Enhanced enterprise integration through AI agents, knowledge bases and workflow engines.

V. Offline mixed reality entertainment: More efficient content updates, richer non-player character interactions and expanded in-store assistant functions.

Taken together, these initiatives are intended to: (i) convert selected customised services into reusable and scalable products; (ii) reduce production and delivery inefficiencies; (iii) support commercial validation through pilots and partnerships; and (iv) strengthen the Group's computing, security, compliance and delivery infrastructure.

Accordingly, the proposed AI investment is designed to enhance and commercialise the Group's existing businesses rather than establish a separate business unrelated to its current operations.

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 (equivalent to approximately HK$505.9 million), and total liabilities amounted to approximately RMB465.7 million (equivalent to approximately HK$515.6 million). The Group had total outstanding bank borrowings of approximately RMB113.0 million (equivalent to approximately HK$125.1 million), which were due for repayment within 12 months from 31 December 2025, with effective interest rates ranging from approximately 2.4% to 5.8% per annum. According to the Group's latest unaudited management accounts for the six months ended 30 June 2026, it was recorded that cash and cash equivalents amounted to approximately RMB13.2 million (equivalent to approximately HK$15.2 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 at 30 September 2026, the total outstanding bank borrowings have been reduced to approximately RMB90.9 million (equivalent to HKD105.0 million). Of this amount, approximately RMB5 million (equivalent to approximately HK$5.8 million) owed to lender K (as defined in the table below) is repayable in 2028, while the remaining approximately RMB85.9 million (equivalent to HKD99.2 million) is due for repayment within 12 months following Completion. Below are the key terms of the Group's existing bank borrowings as at Latest Practicable Date:

Lender	Amount *RMB'000*	Amount equivalent to *HKD'000*	Credit terms	Maturity date	Interest Rate	*Note*
A	4,500	5,199	1 year	22 October 2026	2.90%	*(a)*
B	10,000	11,553	1 year	10 December 2026	2.45%	
C	10,000	11,553	1 year	12 January 2027	4.00%	
D	10,000	11,553	1 year	15 January 2027	2.85%	
E	9,900	11,437	1 year	31 January 2027	3.05%	
F	8,000	9,242	1 year	26 February 2027	4.00%	
G	10,000	11,553	1 year	18 March 2027	2.40%	

Lender	Amount	Amount equivalent to	Credit terms	Maturity date	Interest Rate	*Note*
	RMB'000	*HKD'000*				
H	6,000	6,932	1 year	17 June 2027	2.60%	
I	9,500	10,975	1 year	22 June 2027	2.90%	
J	8,000	9,242	1 year	28 June 2027	3.80%	
K	5,000	5,776	2 years	30 January 2028	2.65%	
Total outstanding	90,900	105,015				

Note:

(a) This borrowing will be settled prior to the Completion and therefore does not form part of the Company's proposed repayment plan using the Net Proceeds.

It is anticipated that the Rights Issue will be completed in December 2026. Accordingly, based on the current timetable, the Board intends to allocate approximately HK$93 million of the Net Proceeds to repay the amount due from Lender B to Lender J, with a total outstanding amount of approximately RMB81.4 million (equivalent to approximately HK$94.0 million).

The application of approximately HK$93 million of the Net Proceeds is expected to alleviate the Group's short-term repayment pressure, reduce its recurring interest expenses and outstanding liabilities, improve its short-term capital structure and liquidity position, and strengthen its position in negotiating loan renewals and other financing arrangements. The remaining bank borrowings not repaid from the Net Proceeds will be managed and repaid through a combination of the following measures:

(i) **Renewal and refinancing of existing facilities:** The Group will continue to communicate with the relevant banks and, having regard to the maturity dates of the respective facilities, seek loan renewals, extensions, refinancing, replacement facilities or adjustments to repayment periods, as appropriate, to maintain the normal and stable rollover of its existing banking facilities.

(ii) **Cash flows from operations:** The Group will strengthen its accounts receivable management, improve customer credit and settlement terms, accelerate project acceptance, invoicing and collection, and progressively shorten customer credit periods. Operating receipts and net cash flows generated from the Group's business will, where available, be applied towards repaying bank borrowings as they fall due.

(iii) **Internal funds and liquidity management:** The Group will coordinate the use of its available cash resources, improve the utilisation and realisation of receivables, prepayments and other current assets, and strengthen its control over costs, expenses and capital expenditure. These measures are intended to reduce unnecessary cash outflows and release additional liquidity to meet its financial obligations.

(iv) **Additional financing:** Depending on its actual funding requirements, market conditions and applicable regulatory requirements, the Group may seek additional or replacement bank facilities, financing from financial institutions or other feasible financing arrangements to improve its debt maturity profile and support its overall liquidity.

The Group will determine the specific repayment and financing arrangements by reference to the actual maturity dates, outstanding balances, financing costs, renewal terms and liquidity position of the relevant facilities. Taking into account the expected Net Proceeds, the Group's available cash resources, cash flows from operations and the measures described above, the Company intends to manage its working capital and debt obligations over the 12 months following Completion according to the timing and priority of its expected cash outflows.

If the actual Net Proceeds are lower than the maximum estimated amount, the Company will prioritise the available funds among the repayment of bank borrowings, working capital and the other proposed uses according to their relative importance. Based on the current estimates and assumptions, the Company anticipates that, taking into account the expected Net Proceeds, it will have sufficient working capital to meet its present requirements for at least the 12 months following Completion. However, the adequacy of the Group's working capital will remain subject to the actual amount of Net Proceeds raised, the timing of customer collections, cash flows from operations, the renewal or refinancing of existing borrowings and the availability of additional financing. If any shortfall arises, the Group will adjust the timing and priority of its expenditures, defer non-essential expenditure, and consider the financing and liquidity-management measures described above.

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 30 June 2026, the estimated cash and cash equivalents amounted to approximately RMB13.2 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.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date:

Date of relevant announcements	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
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 fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

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

(i) as at the Latest Practicable Date (excluding treasury Shares);

(ii) immediately after Completion, assuming (a) all Qualifying Shareholders will take up their respective entitlements of the Rights Issue in full; and (b) there is no change to the total issued share capital of the Company on or before the Record Date ("**Scenario 1**"); and

(iii) immediately after 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 is no change to the total issued share capital of the Company on or before the Record Date ("**Scenario 2**").

	As at the Latest Practicable Date		**Scenario 1**		**Scenario 2** *(Note 2)*	
Shareholders	*Number of Shares*	*Approximately Shareholding percentage*	*Number of Shares*	*Approximately Shareholding percentage*	*Number of Shares*	*Approximately Shareholding Percentage*
Mr. Wang *(Note1)*	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:

1. Mr. Wang serves as the executive Director, chairman of the Board, and the chief executive officer of the Company. As at the Latest Practicable Date, 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.

2. 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 13.32B 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 13.32B of the Listing Rules.

2. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

3. WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE 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 Prospectus.

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 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.

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

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the three years ended 31 December 2023, 2024 and 2025; and (ii) for the six months ended 30 June 2026 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.flowingcloud.com), respectively:

(i) annual report of the Company for the year ended 31 December 2023 (pages 124 to 186) (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042901230.pdf)

(ii) annual report of the Company for the year ended 31 December 2024 (pages 130 to 184) (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042902078.pdf)

(iii) annual report of the Company for the year ended 31 December 2025 (pages 115 to 171) (https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0427/2026042701503.pdf)

(iv) interim report of the Company for the six months ended 30 June 2026 (pages 31 to 45) (https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0928/2026092800508.pdf)

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2026, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the Group had the following indebtedness:

	Note	*RMB'000*
Bank borrowings	*(a)*	90,900
Unsecured and unguaranteed amount due to a controlling shareholder		12,957
Unsecured and unguaranteed amount due to a shareholder		233
Unsecured and unguaranteed lease liabilities		2,480
		106,570

Note:

(a) As at 30 September 2026, bank borrowings of approximately RMB27,500,000 were unsecured and guaranteed and remaining bank borrowings of approximately RMB63,400,000 were unsecured and unguaranteed.

Save as disclosed above and for intra-group liabilities, the Group did not have any debt securities authorized or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at the close of business on 30 September 2026.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, taking into consideration the Group's present financial resources and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements for at least the twelve (12) months from the date of this Prospectus. The Company has obtained the relevant confirmation from the Company's auditor as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGES

For the six months ended 30 June 2026, the Group recognised total revenue of approximately RMB223.6 million, which represents a decrease of approximately 41.4% from approximately RMB381.3 million for the six months ended 30 June 2025. This decline was primarily driven by a reduction in revenue from AR&VR marketing services, AR, VR & AI content and integrated marketing.

As at 30 June 2026, the cash and bank balance level of the Group recorded as RMB13.2 million, represent a decrease of approximately RMB48.8 million as compared to the cash and bank balance level of approximately RMB62.0 million as at 31 December 2025, which was mainly attributable to (i) a weaker-than-expected operating cash flow; (ii) the reduction in the Group's borrowings from approximately RMB113 million as at 31 December 2025, to approximately RMB101.0 million as at 30 June 2026; and (iii) the allocation of RMB 28.9 million for the purchase of intangible assets.

Save as disclosed above, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2025, the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

5. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2025, the Group focused on four core activities: (i) AR and VR marketing services; (ii) AR/VR and AI content development; (iii) platform services for telecom operators; and (iv) live-promotion services utilizing 3D digital humans. The AR and VR market in China is expanding rapidly, fueled by advancements in hardware, software, and content, as well as government support. However, it remains competitive and faces challenges such as high production costs, limited consumer affordability, content shortages, and potential export restrictions on advanced components.

AR and VR marketing was the Group's primary source of revenue in 2025, supported by partnerships with media platforms and channel representatives. The Group employs a proprietary development engine and a newly launched AI-generated content platform (AIGC) to create customized AR and VR solutions, as well as cost-effective text, image, and video content for sectors such as culture and tourism, education, gaming, and internet services. The platform services, along with secure API/data gateways and product promotion offerings, provide recurring business-to-business (B2B) revenue and strengthen relationships with operators. Live-promotion services leverage the Group's live-streaming system and digital human streamers to generate immediate cash flow and develop monetizable virtual intellectual property (IP).

Looking ahead to 2026, the Group plans to increase its investment in research and development to accelerate the convergence of AI and XR. This will prioritize automation and cost-efficiency in 3D content creation to support the large-scale commercialization of digital humans and digital assets. The strategy emphasizes the growth of enterprise and operator channels, the expansion of platform capabilities, and the conversion of digital IP into scalable revenue streams.

Overall, the Board anticipates continued revenue diversification and medium-term growth as AIGC and XR solutions scale, production costs decrease, and partnerships with platforms and operators deepen. This positions the Group to deliver sustainable value to Shareholders.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix D1B and Paragraph 29 of Chapter 4 of Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2026.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2026, adjusted as described below:

	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 *(Note 1)* *RMB'000*	**Estimated net proceeds from the Rights Issue** *(Note 2)* *RMB'000*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2026** *RMB'000*
	998,317	266,756	1,265,073
Unaudited consolidated net tangible assets per existing share before completion of the Rights Issue *(Note 3)*			RMB7.68
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue *(Note 4)*			RMB1.95

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 is extracted from the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2026 of approximately RMB1,103,954,000 as adjusted by exclusion of intangible assets of approximately RMB105,637,000 as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2026.

2. The estimated net proceeds from the Rights Issue of approximately RMB266,756,000 (equivalent to HKD306,769,000) is calculated based on the maximum number of 520,115,040 Rights Shares to be issued at the subscription price of HK$0.60 per Rights Share, after deduction of the estimated related expenses of approximately RMB4,609,000 (equivalent to HKD5,300,000), assuming that the Rights Issue had been completed on 30 June 2026.

3. The calculation is determined based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2026 of approximately RMB998,317,000 divided by the number of Shares in issue of 130,028,760 as at 30 June 2026 and immediately before completion of the Rights Issue.

4. The calculation is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2026 of approximately RMB1,265,073,000 divided by total number of Shares as enlarged by the issue of the Rights Shares of 650,143,800 which is arrived at on the basis that 130,028,760 shares in issue as at 30 June 2026 and 520,115,040 rights shares to be issued upon completion of the Rights Issue, as if the Rights Issue had been completed on 30 June 2026.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



ZHONGHUI ANDA CPA Limited
Certified Public Accountants

17 November 2026

The Board of Directors
Flowing Cloud Technology Ltd

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Flowing Cloud Technology Ltd (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 June 2026 as set out on pages II-1 to II-2 of the prospectus (the "**Prospectus**") issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Section A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group's consolidated net tangible assets as at 30 June 2026 as if the transaction had been taken place at 30 June 2026. As part of this process, information about the Group's consolidated net tangible assets has been extracted by the directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2026, on which a review report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix D1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2026 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and the appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for and benefits of the Rights Issue and the use of proceeds" set out on page 33 of the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Yeung Hong Chun
Practising Certificate Number P07374
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Record Date) will be, as follows:

(a) As at the Latest Practicable Date:

		US$
Authorised:		
2,000,000,000	Shares of US$0.0002 each	400,000
Issued and fully-paid:		
130,087,860	Shares of US$0.0002 each	26,018

(b) Immediately upon completion of the Rights Issue:

		US$
Authorised:		
2,000,000,000	Shares of US$0.0002 each	400,000
Issued and fully-paid:		
650,143,800	Shares of US$0.0002 each	130,029

The Rights Shares, when allotted, issued and fully-paid, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. 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.

As at the Latest Practicable Date, the Company has outstanding 972,600 Share Options entitling the holders thereof to subscribe for up to an aggregate of 972,600 Shares under the Share Option Scheme.

Save for the Share Options, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares and underlying Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (iii) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are as follows:

Long position in the shares and underlying shares

Name of Director	Nature of Interests	Number of Shares	Approximate percentage of the total issued share capital of the Company
Mr. Wang	Beneficial owner	90,000 *(Note 1)*	0.07%
	Interest in a controlled corporation	33,491,095	25.74%
Ms. Xu Bing	Beneficial owner	90,000 *(Note 2)*	0.07%
Mr. Li Yao	Beneficial owner	90,000	0.07%

Notes:

1. Mr. Wang is interested in 33,491,095 Shares through Brainstorming Cafe Limited ("**Brainstorming Cafe**"). Brainstorming Cafe is owned as to 30.00% by Wanglei Co., Ltd. ("**Wang BVI**") and 70.00% by Cyber Warrior Holdings Limited ("**Cyber Warrior**"). Wang BVI is wholly-owned by Mr. Wang. Cyber Warrior is wholly-owned by Moomoo Trustee (Singapore) Pte. Ltd., the trustee of a discretionary trust established for estate planning purposes by Mr. Wang as the settlor and protector and Wang BVI as the beneficiary.

   As at the Latest Practicable Date, Mr. Wang was interested in 90,000 underlying Shares which comprised 90,000 Share Options granted to him pursuant to the Share Option Scheme.

2. As at the Latest Practicable Date, each of Ms. Xu Bing and Mr. Li Yao was interested in 90,000 underlying Shares which comprised 90,000 Share Options granted to each of them pursuant to the Share Option Scheme.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which are required to be entered into the register kept pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as the Directors and chief executive of the Company are aware, other than the Director or chief executive of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in the Shares

Name of Shareholders	**Nature of Interests**	**Number of Shares**	**Approximate Percentage of the total issued share capital of the Company** *(Note 1)*
Wanglei Co., Ltd.	Interest in controlled corporation	33,491,095 (*Note 2*)	*25.74%*
Moomoo Trustee (Singapore) Pte. Ltd.	Trustee	33,491,095 *(Note 3)*	*25.74%*
Cyber Warrior Holdings Limited	Interest in controlled corporation	33,491,095 *(Note 3)*	*25.74%*
Ms. Zhang Zimo	Interest in controlled spouse	33,491,095 *(Note 4)*	*25.74%*
Brainstorming Cafe Limited	Beneficial owner	33,491,095	25.74%

Notes:

1. Based on 130,087,860 Shares in issue as at the Latest Practicable Date.

2. Mr. Wang is interested in 33,491,095 Shares through Brainstorming Cafe Limited ("**Brainstorming Cafe**"). Brainstorming Cafe is owned as to 30.00% by Wanglei Co., Ltd. ("**Wang BVI")** and 70.00% by Cyber Warrior Holdings Limited ("**Cyber Warrior**"). Wang BVI is wholly-owned by Mr. Wang. Cyber Warrior is wholly-owned by Moomoo Trustee (Singapore) Pte. Ltd., the trustee of a discretionary trust established for estate planning purposes by Mr. Wang as the settlor and protector and Wang BVI as the beneficiary.

As at the Latest Practicable Date, on top of Mr. Wang's interests in 33,491,095 Shares stipulated above, Mr. Wang was interested in 90,000 underlying Shares which comprised 90,000 Share Options granted to him pursuant to the Share Option Scheme.

3. Cyber Warrior is wholly-owned by Moomoo Trustee (Singapore) Pte. Ltd., the trustee of the Wang Family Trust which is a discretionary trust established by Mr. Wang as the settlor and protector and the beneficiary of the Wang Family Trust is Wang BVI. The Wang Family Trust is established for Mr. Wang's estate planning purposes.

4. Ms. Zhang Zimo is the spouse of Mr. Wang. Under the SFO, Ms. Zhang Zimo is deemed to be interested in the same number of Shares in which Mr. Wang is interested

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders of the Company or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date which are or may be material:

(i) the Placing Agreement;

(ii) the Subscription Agreement dated 5 November 2025 entered between (1) Hangzhou Zhongrunxing Information Technology Co. Ltd.*) (杭州中潤星數字科技有限公司) ("**Hangzhou Zhongrunxing**"), a company established under the laws of the PRC with limited liability; (2) Anhui Tongchuang SME Science and Technology Transfer Fund Partnership (Limited Partnership)* (安徽同創中小科轉基金合夥企業(有限合夥)) ("**Anhui Tongchuang**"); (3) Mr. Wang Lei; (4) Beijing Flowing Cloud Technology Co., Limited* (北京飛天雲動科技有限公司) ("**Beijing Flowing Cloud**"); and (5) Beijing Dinglijiahe Enterprise Management Consulting Center (Limited Partnership) (北京鼎力佳和企業管理諮詢中心(有限合夥)) ("**Beijing Dingli**"). Anhui Tongchuang agreed to subscribe to Hangzhou Zhongrunxing's newly increased registered capital of RMB375,000 at a subscription amount of RMB15,000,000;

(iii) the Subscription Agreement dated 31 October 2025 entered between Hangzhou Zhongrunxing, Beijing Flowing Cloud, Beijing Dingli, and Lingshui Smart Navigation Private Equity Partnership (Limited Partnership) * (陵水智選領航股權基金合夥企業(有

限合夥)) ("**Lingshui Equity Fund**"). Lingshui Equity Fund agreed to subscribe to Hangzhou Zhongrunxing's newly increased registered capital of RMB250,000 at a subscription amount of RMB9,750,000;

(iv) the placing agreements dated 9 September 2025 entered into between the Company and CNI Securities Group Limited in respect of the placing up to a maximum of 433,429,200 shares at the placing price of HK$0.174 per placing share; and

(v) the placing agreements dated 30 April 2025 entered into between the Company and CNI Securities Group Limited in respect of the placing up to a maximum of 361,000,000 shares at the placing price of HK$0.201 per placing share.

9. EXPERT AND CONSENT

The following is the qualification of the expert(s) or professional adviser(s) who have given opinion or advice contained in this Prospectus (the "**Expert**"):

Name	**Qualification**
ZHONGHUI ANDA CPA Limited	Certified Public Accountant

As at the Latest Practicable Date, each of the above Expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its advice, letters or reports and the reference to its name and logo in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Expert had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Expert had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK$5.3 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	*Executive Directors:* Mr. Wang Lei Ms. Xu Bing Mr. Li Yao *Independent non-executive Directors:* Mr. Jiang Yi Mr. Li Shaojie Ms. Li Yue
Registered office	89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands
Principal place of business in Hong Kong	Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong
Authorised representatives	Mr. Wang Lei Mr. Yau Tsz Lun
Business address of all Directors and authorised representatives	Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong

Joint Company Secretaries	Mr. Li Yao Mr. Yau Tsz Lun
Principal share registrar and transfer office	**Ogier Global (Cayman) Limited** 89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands
Hong Kong branch share registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal bankers	**Beijing Rural Commercial Bank Co., Ltd.** **Taoranting Branch** 1st Floor, Tower E, Fuli Morgan Center 6 Tai Ping Street Xicheng District Beijing PRC **Bank of Nanjing Co.** **Beijing Branch** Yongxing Garden Hotel 101 Fucheng Road Haidian District Beijing PRC
Auditors and Reporting accountants	**ZHONGHUI ANDA CPA Limited** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 23/F, Tower 2, Enterprise Square Five 38 Wang Chiu Road, Kowloon Bay Kowloon, Hong Kong

Legal advisers to the Company	**Patrick Mak & Tse** Rooms 901–905, 9th Floor Wing On Centre 111 Connaught Road Central, Hong Kong
Placing Agent	**CNI Securities Group Limited** Unit A 26/F Times Media Centre 133 Wan Chai Road Wanchai Hong Kong
Financial Adviser to the Company	**Diligent Capital Limited** Room 2203, 22/F New World Tower 1 16–18 Queen's Road Central Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

a) Biographical details of Directors

Executive Directors

Mr. Wang Lei (汪磊) ("**Mr. Wang**"), aged 43, was appointed as the Director on June 24, 2021. He was appointed as the chairman of the Board, chief executive officer and re-designated as the executive Director on December 13, 2021. He is primarily responsible for the strategic development, overall operation and management and major decision making of the Group. Mr. Wang joined the Group as a general manager of Ophyer Technology on April 1, 2009. Mr. Wang also holds various positions with other members of the Group.

Mr. Wang has over 20 years of experience in the Internet technology industry. Prior to joining the Group, from July 2005 to May 2006, Mr. Wang served as WAP operation manager in Newpalm (China) Information Technology Co., Ltd. (掌中萬維(中國)信息科技有限公司). From June 2006 to January 2009, Mr. Wang served as senior operations director in Ourpalm Co., Ltd. (北京掌趣科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code 300315).

Mr. Wang received the "Industry Leading Individual Award" at the 7th session of the Beijing Animation Event issued by the Beijing Animation Committee in August 2018. Mr. Wang obtained his bachelor's degree in automation from the North China University of Technology (北方工業大學) in Beijing, PRC in July 2005, and his master's degree in project management from the Beijing University of Posts and Telecommunications (北京郵電大學) in Beijing, PRC in March 2013.

Ms. Xu Bing (徐冰) ("**Ms. Xu**"), aged 43, was appointed as the Director on December 13, 2021 and was re-designated as the executive Director on December 13, 2021. She is also a vice president and chief officer for data of the Company, responsible for assisting in overall management and sales and marketing activities of the Group. Ms. Xu joined the Group as a commercial manager of Ophyer Technology on August 3, 2009. Ms. Xu also holds various positions with other members of the Group.

Ms. Xu has over 18 years of experience in the information technology services industry. Prior to joining the Group, from January 2007 to March 26, 2008, Ms. Xu served as business development manager in Beijing Joyes Tech. Co., Ltd. (北京卓娛互動科技有限公司), responsible for market development related work. From April 2008 to April 2009, Ms. Xu served as terminal cooperation manager in Shanghai Jichuang Network Technology Co., Ltd. (上海積創網絡科技有限公司), responsible for promoting games and cooperating with mobile terminals to provide game content. From April 2009 to August 2009, Ms. Xu served as marketing manager in Yimenlou (Beijing) Technology Co., Ltd. (億門樓(北京)科技有限公司).

Ms. Xu obtained her bachelor's degree in international economics and trading from Jilin University of Finance and Economics (吉林財經大學) (previously known as the Changchun Taxation College (長春税務學院)) in Jilin, PRC in July 2006.

Mr. Li Yao (李堯), aged 43, was appointed as the Director on December 13, 2021. He was appointed as the joint company secretary to the Board and re-designated as the executive Director on December 13, 2021. He is also a vice president of the Company, responsible for overseeing the daily business operations and assisting in overall management of the Group.

Mr. Li Yao joined the Group as deputy general manager and secretary to the board of Ophyer Technology on February 29, 2016. Mr. Li Yao also holds various positions with other members of the Group. Mr. Li Yao has over 20 years of experience in games and software development. Prior to joining the Group, from December 2004 to December 2007, Mr. Li Yao served as product manager in Ourpalm Co., Ltd. (北京掌趣科技股份有限公司), responsible for games related business. From January 2008 to June 2010, Mr. Li Yao served as mobile games product director in Shanghai Snowfish Tech. Co., Ltd. (上海雪鯉魚計算機科技有限公司), responsible for Java related business. From July 2010 to January 2016, Mr. Li Yao served as general manager in Beijing

Fengxinzi Computer Technology Co., Ltd.* (北京風信子計算機科技有限公司) (currently known as (Beijing Planet Wings Sports Culture Co., Ltd.* 北京星球之翼體育文化有限公司)), responsible for marketing and operation of the company.

Mr. Li Yao received the 2018 National Equities Exchange and Quotations Gold Medal for Secretary of the Board (2018年度新三板金牌董秘) issued by the Rhino Star (IPO3.COM) in 2018.

Mr. Li Yao obtained his diploma in stage lighting and sound engineering from the Beijing Broadcast and Television University (北京廣播電視大學) (subsequently known as Beijing Open University (北京開放大學)) in Beijing, PRC in July 2005, and his bachelor's degree in Chinese literature and linguistics from the Central Broadcast and Television University (中央廣播電視大學) (subsequently known as The Open University of China (國家開放大學)) in Beijing, PRC in January 2011.

Independent non-executive Directors

Mr. Jiang Yi (江一) ("**Mr. Jiang**"), aged 41, was appointed as the independent non-executive Director on September 8, 2022. He is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Jiang has over 13 years of experience in the field of corporate services. Since March 2012, he has been serving as the chairman of the board of Zhonglian Hengye (Beijing) Investment Management Co., Ltd.* (中聯恒業(北京)投資管理有限公司), primarily responsible for leading the board and focusing on strategic matter. Since November 2014, He has been serving as the chairman of the board of Qingyun Technology (Beijing) Co., Ltd.* (擎雲科技(北京)有限公司), primarily responsible for leading and supervising the board and the senior management. Since April 2019, he has been serving as the independent non-executive director of HCR Co., Ltd.* (北京慧辰資道資訊股份有限公司), a company listed on the Shanghai Stock Exchange Science and Technology Innovation Board (stock code: 688500), primarily responsible for providing independent opinion and judgement to the company.

Mr. Jiang obtained his bachelor's degree in electronic information engineering from the Wuhan University of Science and Technology (武漢科技大學) in Wuhan, PRC in June 2007.

Mr. Li Shaojie (李紹杰), aged 50, has over 25 years of experience in film and television media, animation and the internet.

From August 1998 to August 2000, Mr. Li Shaojie worked as a marketing representative at Wolters Kluwer Business Computer Systems (Beijing) Co., Ltd.* (威科商務電腦系統(北京)有限公司); from August 2000 to August 2001, he served as the business development director of Renren

(Beijing) Co., Ltd.* (人人網(北京)有限公司); from September 2001 to February 2018, he successively served as the copyright director, general manager of the animation department, and deputy general manager of Beijing Yadi Media Co., Ltd.* (北京雅迪傳媒股份有限公司), responsible for the management of animation business and the investments in film and television industry; and since February 2018, he has served as the general manager of Beijing Changhe Shengxiang Cultural Communication Company Limited* (北京昌和晟祥文化傳播有限公司), responsible for overall operation and management.

Mr. Li Shaojie obtained his fund practitioner qualification in April 2016. Moreover, Mr. Li Shaojie obtained a bachelor's degree in law from Peking University in July 1998.

Ms. Li Yue (李月), aged 54, brings over 30 years of experience in financial management. From January 2018 to January 2022, Ms. Li Yue held the position of board member at Taxing Peace (Beijing) Enterprise Tax Services Co., Ltd.* (税税平安(北京)企業税務服務有限公司) and served as the business department manager at CITIC Leyitong Business Technology Co., Ltd.* (中信樂益通商務科技有限公司).

Ms. Li Yue obtained a bachelor's degree in Business Administration from Changchun University of Technology. Additionally, Ms. Li Yue has been recognised as an intermediate accountant* (中級會計師) by the Ministry of Human Resources and Social Security of the People's Republic of China* (中華人民共和國人力資源和社會保障部) since May 2007.

Joint Company Secretaries

Mr. Li Yao (李堯), details of which is disclosed in the paragraph headed "Executive Directors"

Mr. Yau Tsz Lun (游子麟) ("**Mr. Yau**") has been appointed as the joint company secretary to the Board and the authorised representative of the Company, all with effect from 21 April 2026. Mr. Yau is a manager of Company Secretarial Services of Tricor Services Limited. Mr. Yau has over 7 years of experience in the company secretarial field. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Yau is currently the company secretary or joint company secretary of a few listed companies on the Hong Kong Stock Exchange. Mr. Yau is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

b. Business address of the Directors and the senior management of the Company

The business addresses of the Directors, the senior management and authorised representatives are the same as the Company's head office and principal place of business in Hong Kong located at Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprised three independent non-executive Directors, namely Mr. Jiang Yi, Ms. Li Yue, and Mr. Li Shaojie. The audit committee is chaired by Ms. Li Yue. The audit committee is responsible for monitoring and reviewing the risk management procedures and internal control system of the Group.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed "9. EXPERT AND CONSENT" in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.flowingcloud.com) for 14 days from the date of this Prospectus:

(a) the Placing Agreement;

(b) the letter from the Board, the text of which is set out on pages 9 to 47 of this Prospectus;

(c) the accountant's report on the unaudited pro forma financial information of the Group issued by ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix II to this Prospectus;

(d) the material contracts referred to in the paragraph headed "8. MATERIAL CONTRACTS" of this appendix;

(e) the written consents from the Expert referred to in paragraph headed "9. EXPERT AND CONSENT" of this appendix; and

(f) the Prospectus Documents.

17. MISCELLANEOUS

(a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

(b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.

(c) In the event of any inconsistency, the English texts of this Prospectus and the accompanying form of proxy shall prevail over their respective Chinese texts.