



Flowing Cloud Technology Ltd
飛天雲動科技有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6610

ANNUAL REPORT
2025



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Lei (*Chairman and Chief Executive Officer*)
Ms. Xu Bing
Mr. Li Yao

Independent Non-executive Directors

Mr. Jiang Yi
Mr. Li Shaojie
(*appointed with effect from June 3, 2025*)
Ms. Li Yue
(*appointed with effect from February 9, 2026*)
Ms. Chen Yuelin
(*appointed with effect from March 3, 2025 and
resigned with effect from February 9, 2026*)
Ms. Wang Beili
(*resigned with effect from March 3, 2025*)
Mr. Tan Deqing
(*resigned with effect from June 3, 2025*)

JOINT COMPANY SECRETARIES

Mr. Li Yao
Mr. Yau Tsz Lun
(*appointed with effect from April 21, 2026*)
Ms. Chan Sau Ling
(*resigned with effect from April 21, 2026*)

AUDIT COMMITTEE

Ms. Li Yue (*Chairlady*)
(*appointed with effect from February 9, 2026*)
Mr. Li Shaojie
(*appointed with effect from June 3, 2025*)
Mr. Jiang Yi
Ms. Chen Yuelin
(*appointed with effect from March 3, 2025 and
resigned with effect from February 9, 2026*)
Ms. Wang Beili
(*resigned with effect from March 3, 2025*)
Mr. Tan Deqing
(*resigned with effect from June 3, 2025*)

REMUNERATION COMMITTEE

Mr. Li Shaojie (*Chairman*)
(*appointed with effect from June 3, 2025*)
Mr. Wang Lei
Ms. Li Yue
(*appointed with effect from February 9, 2026*)
Ms. Chen Yuelin
(*appointed with effect from March 3, 2025 and
resigned with effect from February 9, 2026*)
Ms. Wang Beili
(*resigned with effect from March 3, 2025*)
Mr. Tan Deqing
(*resigned with effect from June 3, 2025*)

NOMINATION COMMITTEE

Mr. Li Shaojie (*Chairman*)
(*appointed with effect from June 3, 2025*)
Mr. Jiang Yi
Ms. Li Yue
(*appointed with effect from February 9, 2026*)
Ms. Chen Yuelin
(*appointed with effect from March 3, 2025 and
resigned with effect from February 9, 2026*)
Ms. Wang Beili
(*resigned with effect from March 3, 2025*)
Mr. Tan Deqing
(*resigned with effect from June 3, 2025*)

INVESTMENT COMMITTEE

Mr. Wang Lei (*Chairman*)
Ms. Xu Bing
Mr. Li Yao
Mr. Li Shaojie
(*appointed with effect from June 3, 2025*)

AUDITOR

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

AUTHORIZED REPRESENTATIVES

Mr. Wang Lei
Mr. Yau Tsz Lun
(appointed with effect from April 21, 2026)
Ms. Chan Sau Ling
(resigned with effect from April 21, 2026)

REGISTERED OFFICE

89 Nexus Way
Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

CORPORATE HEADQUARTERS

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

CAYMAN ISLANDS 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

LEGAL ADVISOR

Patrick Mak & Tse

Rooms 901–905, 9/F
Wing On Centre
111 Connaught Road Central
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

STOCK CODE

6610

COMPANY WEBSITE

www.floatingcloud.com

Financial Highlights

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

Five Years' Financial Summary

	Year ended December 31,				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Operating results					
Revenue	783,904	995,347	1,244,723	1,066,157	595,290
Gross profit	152,318	220,036	420,717	373,995	175,516
(Loss)/profit before tax	(365,573)	(44,846)	271,671	247,144	87,142
(Loss)/profit for the year	(365,623)	(43,703)	263,935	236,593	71,719
Total comprehensive (expense)/ income for the year	(414,869)	(81,661)	221,373	257,465	71,719

	As at December 31,				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Financial position					
Non-current assets	152,050	202,255	228,621	248,823	40,236
Current assets	1,422,291	1,568,254	1,492,653	1,278,627	543,279
Current liabilities	456,900	373,507	268,142	300,525	134,201
Net current assets	965,391	1,194,747	1,224,511	978,102	409,078
Non-current liabilities	8,836	14,000	900	1,520	2,744
Net assets	1,108,605	1,383,002	1,452,232	1,225,405	446,570

Chairman's Statement

To our shareholders, business partners and friends who have been following our development:

In the challenging year of 2025, the Group has remained committed to the deep development and growth in the field of Augmented Reality (AR) and Virtual Reality (VR). Amidst the changing macro market environment and fluctuating industry demand, we have adhered to the principle of prudent operations. While consolidating our core businesses, we have actively explored new paths for technological innovation and efficiency enhancement.

STEADY OPERATIONS, QUALITY IMPROVEMENT AND EFFICIENCY ENHANCEMENT

Over the past year, changes in the market environment and adjustments in client budgets have exerted a sustained impact on industry demand. Against this backdrop, the Group's management led the team to respond proactively, ensuring the continuity of our business operations through optimized resource allocation, enhanced cost control and rigorous project selection.

Solid Foundation of Core Businesses. Our AR&VR marketing services remained one of the Group's principal businesses. Leveraging our mature business operation systems and data processing capabilities, we efficiently supported our clients in daily campaign management and settlement, maintaining service stability.

Embracing AI in Content Services. In the AR&VR content services sector, we continued to provide customized digital content to our clients. Notably, we actively adopted AI tools during the Reporting Period for the generation of textual, image and video content. This initiative has effectively improved the efficiency of content production and delivery, strengthening the competitiveness of our services.

Exploration of Platform and SaaS Businesses. We continued to enhance product capabilities in platform services, live streaming promotion, as well as AR/VR SaaS services, striving to develop a more standardized and tool-based service model. These businesses not only contributed to our revenue during the year but also accumulated valuable market experience for future product optimization.

Strengthening Internal Management. Risk management constitutes the bottom line for our survival. During the year, we focused on strengthening the management of project quality, accounts receivable and prepayment utilization to align with overall operational arrangements, ensuring capital security and healthy operations.

FOCUS ON TECHNOLOGY WITH PRUDENT PROGRESS

Looking ahead to 2026, we will continue to take AR&VR marketing services and content services as our business cornerstones, adhering to the development strategy of "technology-driven efficiency".

Deepening Application of AI Technologies. We will focus our AI-related investments on **enhancing content production efficiency**, supporting operational management and improving delivery capabilities, further unlocking the potential of AI in creative production.

Optimizing Resource Allocation. Faced with an uncertain market environment, we will continue to optimize our business structure and resource allocation, and prudently pursue commercial validation of new scenarios and new products to ensure that every investment delivers tangible value.

Medium-term Strategic Planning. Going forward, we will continue to monitor the evolution of AI technologies in content production, interactive services and tool-based products. In light of market conditions, client demand and research and development progress, we will gradually explore commercialization opportunities in relevant sectors to reserve momentum for the Group's long-term development.

2025 was a year for us to build strength amid adversity. We would like to express our gratitude to our shareholders for their long-standing trust and to all staff for their diligent efforts. We will continue to move forward steadily to embrace future opportunities and challenges, and strive to deliver sustainable returns to our shareholders.

Management Discussion and Analysis



BUSINESS REVIEW

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

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

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

AR&VR Marketing Services

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

AR, VR & AI Content

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

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

Management Discussion and Analysis

Platform Services

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

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

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

Live Promotion Services

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

OUTLOOK

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

— Advancing Technological Synergy

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

— Cultivating Long-term Value

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

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

Management Discussion and Analysis

AR&VR marketing services

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

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

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

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

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

AR, VR & AI content

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

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

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

Platform services

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

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

Management Discussion and Analysis

Live promotion services

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

Integrated Marketing

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

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

AR&VR SaaS

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

Cost of Revenue

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

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

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

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

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

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

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

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

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

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

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

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

Other Income

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

Impairment Losses of Trade Receivables

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

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

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

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

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

Management Discussion and Analysis

Distribution and Selling Expenses

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

Administrative Expenses

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

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

Research and Development Expenses

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

Finance Costs

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

Income Tax (Expense)/Credit

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

Loss for the Year and Net Profit Margin

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

Trade Receivables

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

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

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

Management Discussion and Analysis

Prepayments

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

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

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

Trade payables

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

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

Borrowings

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

Charge of Assets

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

Gearing Ratio

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

Foreign Exchange Risk Management

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

Financial Instrument

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

Treasury Policy

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

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

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

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

SHARE CONSOLIDATION

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

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

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

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



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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

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

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

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

Management Discussion and Analysis

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

Date of Completion of Placing	Net Proceeds Raised (Approximately)	Proposed use of proceeds	Actual and intended use of proceeds
May 19, 2025	HK\$71.62 million	<ul style="list-style-type: none"> (i) approximately 60% of the net proceeds (approximately HK\$42.97 million), for enhancing the R&D capabilities and improving services and products; (ii) approximately 30% of the net proceeds (approximately HK\$21.49 million), for enhancing sales and marketing function; and (iii) approximately 10% (approximately HK\$7.16 million), of the net proceeds for general working capital purposes. 	The respective amount has been used for the relevant purposes as intended.
September 30, 2025	HK\$74.53 million	<ul style="list-style-type: none"> (i) approximately 60% of the net proceeds (approximately HK\$44.72 million), for acquiring advertising traffic from media platforms or their authorised agents, aimed at enhancing the Group's AR/VR marketing services in domestic and overseas markets; (ii) approximately 30% of the net proceeds (approximately HK\$22.36 million), directed towards enhancing the Group's research and development (R&D) capabilities and improving its service and product offerings; and (iii) approximately 10% (approximately HK\$7.45 million), of the net proceeds for general working capital purposes. 	The respective amount has been used for the relevant purposes as intended.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2025, the Group had 99 full-time employees, all of them are located in Mainland China and Hong Kong (2024: 124).

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

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

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

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Wang Lei (汪磊), 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), 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 (長春稅務學院)) 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), 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.

Directors and Senior Management

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.* (稅稅平安(北京)企業稅務服務有限公司) 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.

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed in this annual report, each of the Directors confirms with respect to himself/herself that he/she (1) did not hold any other positions with the Company and other members of the Group; (2) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO); (3) had no other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of the Company; (4) did not hold any other directorships in the last three years prior to the date of this annual report in any public companies the securities of which are listed on any securities market in Hong Kong or overseas or hold any other major appointments and professional qualifications; and (5) there are no other matters concerning the Directors that need to be brought to the attention of the Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

For biographical details of Mr. Wang Lei, Ms. Xu Bing and Mr. Li Yao, please see the paragraph headed "Executive Directors" in this section.

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2025.

GLOBAL OFFERING

The Company was incorporated as an exempted limited liability company in the Cayman Islands on June 24, 2021, and the shares of which were listed on the Main Board of the Stock Exchange on October 18, 2022.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of AR & VR marketing services, AR, VR & AI content, platform services, live promotion services, integrated marketing services and relevant services. There is no significant change in the nature of the Group's activities during the year ended December 31, 2025.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the year ended December 31, 2025 and the consolidated financial position of the Group as at December 31, 2025 are set out in the consolidated financial statements on pages 115 to 171 of this annual report.

GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section headed "Five Years' Financial Summary" of this annual report.

FINAL DIVIDEND

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

BUSINESS REVIEW

A review of the business of the Group during the year ended December 31, 2025, which includes a discussion and analysis of the Group's performance using financial and operational key performance indicators and future business development are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Financial Highlights" of this annual report. The financial risk management objectives and policies of the Group are set out in note 5 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors

Mr. Wang Lei
Ms. Xu Bing
Mr. Li Yao

Independent non-executive Directors

Mr. Jiang Yi

Mr. Li Shaojie (*appointed with effect from June 3, 2025*)

Ms. Li Yue (*appointed with effect from February 9, 2026*)

Ms. Chen Yuelin (*appointed with effect from March 3, 2025 and resigned with effect from February 9, 2026*)

Ms. Wang Beili (*resigned with effect from March 3, 2025*)

Mr. Tan Deqing (*resigned with effect from June 3, 2025*)

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Article 108 of the Articles of Association, Ms. Xu Bing and Mr. Li Yao shall retire by rotation at the Annual General Meeting. In accordance with Article 112 of the Articles of Association, Mr. Li Shaojie and Ms. Li Yue, who were respectively appointed by the Board as independent non-executive Directors on June 3, 2025 and February 9, 2026, will hold office only until the Annual General Meeting and being eligible, will offer herself for re-election at the Annual General Meeting. All of the above Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 24 to 26 of this annual report.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors to be independent during the Reporting Period and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the independent non-executive Directors has entered into a letter of appointment with us for a term of three years, which may be terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation (other than statutory compensation)).

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Save as otherwise disclosed, there were no changes in information which are required to be disclosed and had been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) as well as Rule 13.51(B) of the Listing Rules up to the date of this annual report.

USE OF PROCEEDS FROM LISTING

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

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

Intended application	Amount of net proceeds (HK\$ million)	Percentage of total net proceeds	Net proceeds brought forward for the Reporting Period (HK\$ million)	Utilized net proceeds as at December 31, 2025 (HK\$ million)	Unutilized net proceeds as at December 31, 2025 (HK\$ million)	Expected timetable for the use of unutilized net proceeds
To enhance our R&D capabilities and improve our services and products						
(1) to develop and optimize our algorithms and data analysis capabilities;	53.2	10%	17.4	17.4	0	—
(2) to upgrade and iterate our AR&VR development engines;	42.6	8%	12.2	12.2	0	—
(3) to improve our operation capabilities;	37.2	7%	15.5	15.5	0	—
(4) to develop of our AR&VR content business;	37.2	7%	11.1	11.1	0	—
(5) to develop our AR&VR SaaS business; and	26.6	6%	5.4	5.4	0	—
(6) to procure IPs in support of the growth of our AR&VR content business and AR&VR SaaS business.	16.0	6%	2.5	2.5	0	—
To enhance our sales and marketing function:						
(1) to strengthen our brand image through marketing effort;	53.2	10%	16.5	16.5	0	—
(2) to enhance our brand awareness through online channels; and	26.6	5%	4.3	4.3	0	—
(3) to strengthen and optimize our sales and marketing network.	53.2	10%	31.0	31.0	0	—
For selected mergers, acquisitions, and strategic investments	79.8	15%	79.8	79.8	0	—
For the development of our Feitian Metaverse platform	53.1	10%	11.3	11.3	0	—
For our working capital and general corporate purposes	53.2	10%	14.1	14.1	0	—
Total	531.9	100.0%	221.1	221.1	0	

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2025, revenue from the Group's top five customers accounted for 24.26% (2024: 27.82%) of the Group's total revenues while revenue from the Group's largest customer accounted for 5.61% (2024: 9.06%) of the Group's total revenues.

Major Suppliers

For the year ended December 31, 2025, the expense paid to the Group's top five suppliers accounted for 44.22% (2024: 34.80%) of the total cost of revenue while the expense paid to the Group's largest supplier accounted for 13.75% (2024: 7.34%) of the Group's total cost of revenue.

None of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares) was interested in the top five customers or suppliers of the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes that employees, customers and suppliers are key to the Group's success. The Group actively maintains a good relationship with employees, customers and suppliers. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the Reporting Period.

EQUIPMENT

Details of the movements in the equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in consolidated statement of changes in equity and note 31 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity in this annual report.

Details of the Company's reserves available for distribution to the Shareholders as at December 31, 2025 are set out in note 33 to the consolidated financial statements.

BORROWINGS

Details of borrowings of the Group as at December 31, 2025 are set out in note 29 to the consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

We have adopted the Post-IPO Share Option Scheme on September 8, 2022. The principal terms of the Post-IPO Share Option Scheme are set out as follows.

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider that the Post-IPO Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees and the Directors for their contributions to the Group, and to promote the success of the business of the Group. Given that participants are given an opportunity to have a personal stake in the Company, it is expected that the Post-IPO Share Option Scheme will motivate participants to optimize their performance and efficiency, and attract and retain participants whose contributions are important to the long-term growth and profitability of the Group.

(b) Who may join

The Directors (which expression shall, for the purpose of this paragraph, include the Board or a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group, to take up options to subscribe for Shares: (i) any director and employee of any member of the Group (each an **"employee participant"**); and (ii) any director or employee of any of the holding companies, fellow subsidiaries or associated companies of the Company (each a **"related entity participant"**).

(c) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme shall not in aggregate exceed 10% of the relevant class of Shares in issue on the Listing Date (the **"Scheme Mandate Limit"**).

In the extraordinary general meeting of the Company convened on December 3, 2025 (the **"EGM"**), the resolutions approving the Share Consolidation was duly passed by way of poll. The Share Consolidation (which became effective on December 5, 2025) was implemented on the basis that every twenty (20) issued and unissued Shares be consolidated into one (1) Consolidated Share. Immediately prior to the effectiveness of the Share Consolidation, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares with par value of US\$0.00001 each, of which 2,601,757,200 Shares (including 1,182,000 treasury shares) had been issued and are fully paid or credited as fully paid. Immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company becomes US\$50,000 divided into 250,000,000 Consolidated Shares with par value of US\$0.00020 each, of which 130,087,860 Consolidated Shares (including 59,100 consolidated treasury shares) is in issue and fully paid or credited as fully paid.

At the commencement of the Reporting Period, the Scheme Mandate Limit shall be 181,000,000 Shares, being 10% of the total number of Shares in issue as at January 1, 2026, with reference to the Share Consolidation, the Scheme Mandate Limit has become 9,050,000 Consolidated Shares being approximately 6.96% of the total number of Shares in issue (excluding treasury shares) as at December 31, 2025 and as the date of this annual report.

The number of options available for grant under the Post-IPO Share Option Scheme was 133,773,000 options at the commencement of the Reporting Period (i.e. as at January 1, 2025). In light of the Share Consolidation and the lapsed options throughout the Reporting Period, the number of options available for grant under the Post-IPO Share Option Scheme was 7,578,500 options at the end of the Reporting Period (i.e. as at December 31, 2025).

The Scheme Mandate Limit may be refreshed at any time after three years from the date of Shareholders' approval for the last refreshment (or the date on which the Post-IPO Share Option Scheme is adopted, as the case may be) by approval of its Shareholders in general meeting in accordance with the Listing Rules.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme under the scheme mandate as refreshed must not exceed 10% of the relevant class of Shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate. The Company may seek separate Shareholders' approval in a general meeting to grant options beyond the Scheme Mandate Limit to participants specifically identified by the Company before such approval is sought in accordance with the Listing Rules.

(d) Maximum entitlement of each participant

Where any grant of options to a participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such participant (excluding any options lapsed in accordance with the terms of the Post-IPO Share Option Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue (excluding treasury shares), such grant must be separately approved by the Shareholders in general meeting in accordance with the Listing Rules.

(e) Grant of options to connected persons

- (i) Notwithstanding the foregoing, any grant of options under the Post-IPO Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a participant of the Post-IPO Share Option Scheme and has accepted an offer of a grant of an option).
- (ii) Where any grant of options to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the Post-IPO Share Option Scheme) under the Post-IPO Share Option Scheme and any other schemes of the Company to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of options must be approved by the Shareholders at a general meeting of the Company in accordance with the Listing Rules.

(f) Time of acceptance and exercise of option

An offer made to a participant shall remain open for acceptance by such participant for a period of five business days from the offer date (inclusive of the offer date). Any offer must be accepted in its entirety and can under no circumstances be accepted of less than the number of Shares for which it is offered.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than ten years from the date on which an option is offered to a participant, subject to the provisions for early termination under the Post-IPO Share Option Scheme. In any event, the minimum period for which an option must be held before it can be exercised shall be 12 months.

(g) Performance targets

The Directors shall have absolute discretion to determine the performance targets such as growth rate of revenue, earnings per share and/or total shareholder return that must be achieved by a grantee before any options granted under the Post-IPO Share Option Scheme can be exercised.

(h) Subscription price for Shares and consideration for the option

The subscription price per Share under the Post-IPO Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share on the date of the offer of grant.

A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option.

(i) Period of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain in force for a period of ten years commencing on the date on which the Post-IPO Share Option Scheme is adopted and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. The remaining life of the Post-IPO Share Option Scheme shall be approximately seven years and five months.

The table below shows details of the movements in the number of share options granted under the Post-IPO Share Option Scheme during the Reporting Period (as if the Share Consolidation did not take place).

Name or category of grantees		Date of grant	Outstanding as of January 1, 2025	Granted	Exercised	Cancelled	Lapsed	Outstanding as of December 31, 2025
Post-IPO Share Option Scheme								
<i>Directors</i>								
Mr. Wang Lei	Note 1	July 14, 2023	1,800,000	—	—	—	—	1,800,000
Ms. Xu Bing		July 14, 2023	1,800,000	—	—	—	—	1,800,000
Mr. Li Yao		July 14, 2023	1,800,000	—	—	—	—	1,800,000
<i>Employee participants in aggregate</i>								
Employees	Note 1	July 14, 2023	41,827,000	—	—	—	(17,797,000)	24,030,000
Total			47,227,000	—	—	—	(17,797,000)	29,430,000

Directors' Report

The table below shows details of the movements in the number of share options granted under the Post-IPO Share Option Scheme during the Reporting Period (as if the Share Consolidation became effective at the commencement of the Reporting Period).

Name or category of grantees	Date of grant	Outstanding as of				Outstanding as of	
		January 1, 2025	Granted	Exercised	Cancelled	Lapsed	December 31, 2025
Post-IPO Share Option Scheme							
<i>Directors</i>							
Mr. Wang Lei	Note 1	July 14, 2023	90,000	—	—	—	90,000
Ms. Xu Bing		July 14, 2023	90,000	—	—	—	90,000
Mr. Li Yao		July 14, 2023	90,000	—	—	—	90,000
<i>Employee participants in aggregate</i>							
Employees	Note 1	July 14, 2023	2,091,350	—	—	(889,850)	1,201,500
Total			2,361,350	—	—	(889,850)	1,471,500

Notes:

- (1) Options with an exercise price of HK\$1.78 per Share with a vesting period in three tranches: 30% of which shall be vested on the first anniversary of the date of grant; 30% of which shall be vested on the second anniversary of the date of grant; and 40% of which shall be vested on the third anniversary of the date of grant. The exercise period shall be five years from the date of grant (the "Option Period") and the Options shall lapse at the expiry of the Option Period. Upon the Share Consolidation becoming effective, the adjusted exercise price per Consolidated Share has become HK\$35.60.

The vesting of each tranche of the Options granted shall be subject to such Grantee not having been graded "D" for his/her monthly individual performance appraisal for more than two times during the 12-month period prior to the end of each vesting period. The Company has established an appraisal mechanism which uses a scoring system based on a matrix of qualitative and quantitative indicators that vary according to the roles and responsibilities of each individual in improving the Group's operational results and/or linked to the Group's strategic goals. The indicators include, but are not limited to, individual key performance indicators specific to each individual determined in accordance with the department he/she belongs to and the position held, as well as an overall evaluation on work attitude. In particular, individual key performance indicators evaluate each individual's regular duties and/or tasks assigned during the appraisal period in terms of work quality, efficiency, completion status and timeliness and/or team management, while factors such as compliance with the Company's rules and regulations and work commitment are taken into account for overall evaluation on work attitude. The closing price of the Shares on the business day immediately before the date of grant was HK\$1.77 per Share. Please refer to notes 3 and 34 to the consolidated financial statements for the accounting standard and policy adopted and the fair value of options at the date of grant respectively.

- (2) The number of Shares that may be issued in respect of options granted under all schemes of the Company during the year ended December 31, 2025 divided by the weighted average number of Shares of the relevant class in issue for the year was approximately 1.13%.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" in this annual report, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended December 31, 2025 or as at December 31, 2025.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in "Related Party Transactions" in note 37 to the consolidated financial statements, there was no contract of significance between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2025 or subsisted as at December 31, 2025. No contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended December 31, 2025 or subsisted as at December 31, 2025.

EMOLUMENT POLICY

The Remuneration Committee is primarily responsible for: (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the remuneration packages of Directors and senior management; and (iii) reviewing and approving remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time.

The Directors receive remuneration in the form of fees, salaries, bonuses, other allowances and benefits in kind, including the Company's contribution to the pension scheme on their behalf. The Group determines the salaries of the Directors based on each Director's responsibilities, qualification, position and seniority. The Group has also adopted the Post-IPO Share Option Scheme.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and the five highest paid individuals are set out in note 12 to the consolidated financial statements.

No Director has waived or has agreed to waive any emoluments during the year ended December 31, 2025.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Group are set out in notes 3, 11, 12 and 37 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Shares

Name of Directors	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (%)	Long/short position
Mr. Wang	Beneficial owner ⁽¹⁾	90,000	0.07	Long Position
	Interest in controlled corporation ⁽¹⁾	33,491,095	25.74	Long position
Ms. Xu Bing	Beneficial owner ⁽²⁾	90,000	0.07	Long Position
Mr. Li Yao	Beneficial owner ⁽²⁾	90,000	0.07	Long Position

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 December 31, 2025, Mr. Wang was interested in 90,000 underlying Consolidated Shares which comprised 90,000 share options granted to him pursuant to the Post-IPO Share Option Scheme.

- (2) As at December 31, 2025, each of Ms. Xu Bing and Mr. Li Yao was interested in 90,000 underlying Consolidated Shares which comprised 90,000 share options granted to each of them pursuant to the Post-IPO Share Option Scheme.

Interests in Shares of Associated Corporations

Name of Directors	Capacity/Nature of Interest	Name of associated corporation	Approximate Percentage of Shareholding (%)
Mr. Wang	Beneficial owner ⁽¹⁾	Ophyer Technology	53.96

Note:

- (1) Mr. Wang, one of the Registered Shareholders, holds 53.96% of the equity interest in Ophyer Technology. Ophyer Technology is a subsidiary of the Company by virtue of the Contractual Arrangements.

Save as disclosed above, as at December 31, 2025, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2025, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in Shares

Name of Shareholders	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding (%)	Long/Short Position
Wanglei Co., Ltd.	Interest in controlled corporation ⁽¹⁾	33,491,095	25.74	Long position
Moomoo Trustee (Singapore) Pte. Ltd.	Trustee ⁽²⁾	33,491,095	25.74	Long position
Cyber Warrior Holdings Limited	Interest in controlled corporation ⁽²⁾	33,491,095	25.74	Long position
Ms. Zhang Zimo	Interest of spouse ⁽³⁾	33,581,095	25.81	Long position
Brainstorming Cafe Limited	Beneficial owner	33,491,095	25.74	Long position

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 by for estate planning purposes by Mr. Wang as the settlor and protector and Wang BVI as the beneficiary.

As at December 31, 2025, on top of Mr. Wang's interests in 33,491,095 Consolidated Shares stipulated above, Mr. Wang was interested in 90,000 underlying Consolidated Shares which comprised 90,000 share options granted to him pursuant to the Post-IPO Share Option Scheme.

- (2) 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.
- (3) 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 December 31, 2025, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed the paragraph headed "Continuing Connected Transactions — Risks Relating to the Contractual Arrangements" and note 5 to the consolidated financial statements in this annual report, summarized below are principal risks and uncertainties identified and faced by the Group which may have a material and adverse impact on the Group's business performance, financial condition, results of operations or prospects:

- (i) ability to achieve or maintain operating results in the future and ability to forecast them;
- (ii) ability to implement growth strategies or manage growth effectively;
- (iii) uncertainties in the SaaS industry and the AR & VR marketing industry in PRC;
- (iv) failure to improve and enhance the functionality, performance, reliability, design, security and scalability of its products and services timely to suit its customers' evolving needs;
- (v) uncertainties with compliance with laws, regulations and governmental policies regarding privacy and data protection in the PRC;
- (vi) uncertainties in the enactment, interpretation and enforcement of certain laws, regulations and governmental policies in PRC;
- (vii) intense competition in the markets and may not be able to compete successfully against the existing and future competitors; and
- (viii) risks relating to industry, business and operations.

There may be other principal risks and uncertainties in addition to those set out above which are not known to the Group, or which may not be material now but could turn out to be material in the future.

CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2025, the Group had entered into the following transactions, which constituted continuing connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

Non-exempt Continuing Connected Transactions — Contractual Arrangements

As disclosed in the section headed “Contractual Arrangements” in the Prospectus, Beijing Flowing Cloud entered into agreements with Ophyer Technology and its Registered Shareholders on December 16, 2021, followed by agreements with Ophyer Technology and its subsidiaries on May 6, 2022. These arrangements have been established to ensure that the Group operates in accordance with relevant laws and regulations in the PRC. Under these agreements, all economic benefits derived from Ophyer Technology and its subsidiaries (the “**Consolidated Affiliated Entities**”) are transferred to Beijing Flowing Cloud through service and consulting fees payable by the Consolidated Affiliated Entities.

As a result, in 2025, the Group focused primarily on (1) providing augmented reality (AR) and virtual reality (VR) marketing services, which are classified as Value-Added Telecommunication Services (VATS) and are considered “restricted” and (2) certain segments of the Group’s animation video production activities align with the category of restricted radio and television program production and operation, which are regarded as “prohibited”. Both areas are managed through the Consolidated Affiliated Entities.

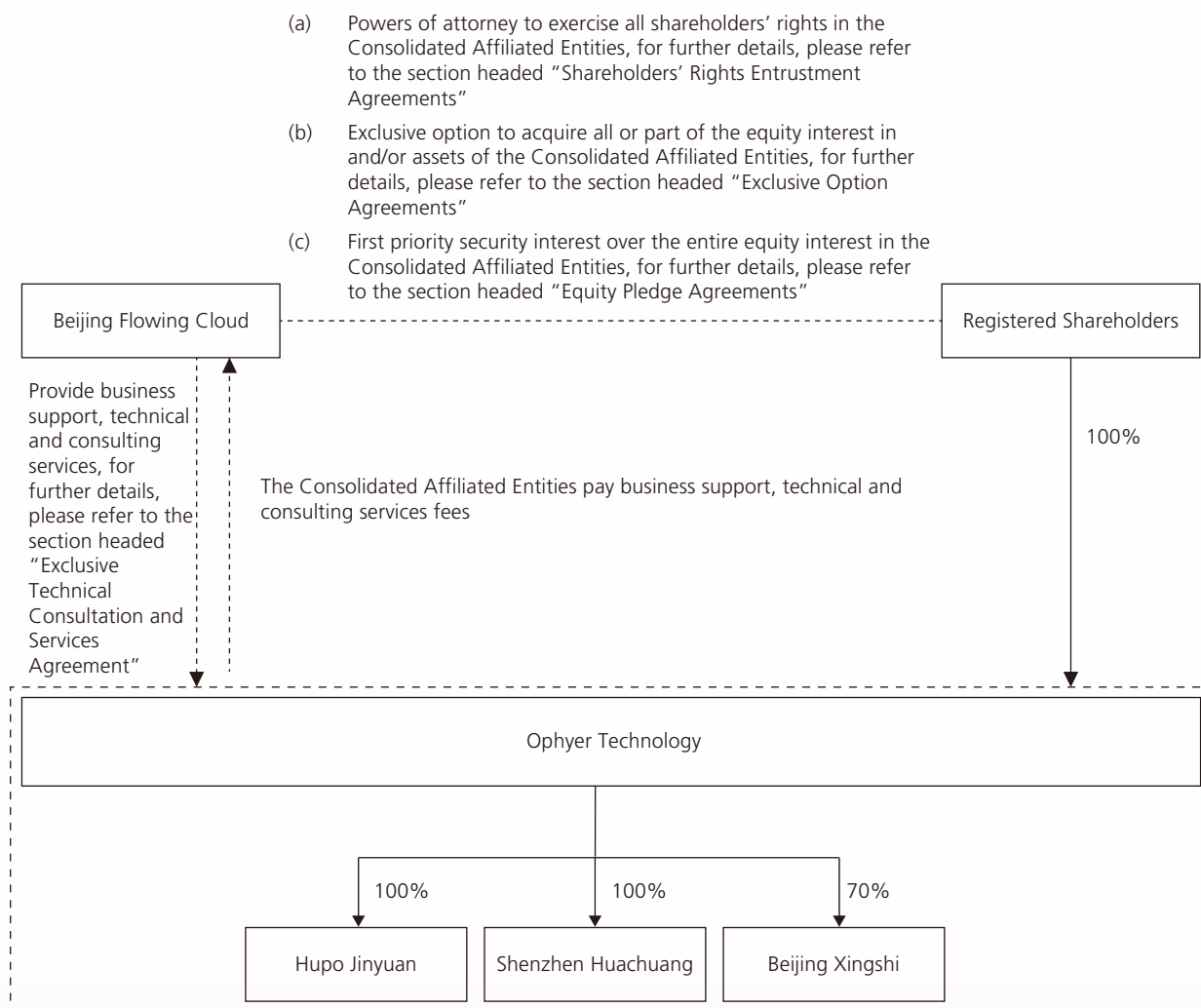
In 2025, the Company undertook a restructuring of the shareholding arrangement and corporate structure of Ophyer Technology.

- (i) Pursuant to a share transfer agreement executed on December 25, 2025, certain registered shareholders of Ophyer Technology, comprising (1) Hainan Yilin; (2) Nanchang Xiaolan; (3) Shanghai Midu; (4) SAIF Dynamiques; (5) Xi’an Biyue; (6) Shanghai Zheji; and (7) Beijing Zhiyaoxiangde (collectively referred to as the “**Transferors**”) agreed to transfer a total of 13.07% equity interest in Ophyer Technology to Mr. Wang, who serves as the ultimate controller and is also a shareholder of the Company. This transfer was executed at zero consideration, thereby elevating Mr. Wang to the position of majority shareholder with a 53.96% equity interest in Ophyer Technology. It is noteworthy that Mr. Wang was previously involved in the Equity Pledge Agreement, the Exclusive Option Agreement, and the Shareholders’ Rights Entrustment Agreement, all of which were executed on December 16, 2021.
- (ii) On May 14, 2025, Ophyer Technology entered into an investment agreement with the Lingshui Fund, in which the Lingshui Fund committed to invest RMB10 million for a 7.69% enlarged equity interest in Zhongrunxing. The formal completion of this subscription was executed on June 11, 2025. Consequently, the Lingshui Fund now holds a 7.69% equity interest in Zhongrunxing, while Ophyer Technology retains a 92.31% equity interest in the company.
- (iii) In accordance with a share transfer agreement dated December 10, 2025, between Ophyer Technology and Hangzhou Zhongrunxing, an indirect wholly owned subsidiary of the Company, Ophyer Technology agreed to transfer 92.31% of Zhongrunxing to Hangzhou Zhongrunxing at zero consideration. Accordingly, effective from December 16, 2025, Zhongrunxing would no longer be classified as a Consolidated Affiliated Entities but would be regarded as an indirect non-wholly owned subsidiary of the Company.

- (iv) A supplemental agreement to the contractual arrangements was executed on December 25, 2025, involving Beijing Flowing Cloud, Ophyer Technology, and the Transferors. The parties have agreed to extend the effectiveness of these arrangements in light of the changes in the shareholding structure. These arrangements will remain fully effective, enabling the Group, through its wholly owned subsidiary Beijing Flowing Cloud, to maintain control over the Consolidated Affiliated Entities and continue to benefit from their operational outcomes.

Save as mentioned above, no further amendments to the Contractual Arrangements have been made.

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to the Group stipulated under the Contractual Arrangements:



Notes:

- (1) " —> " denotes direct legal and beneficial ownership in the equity interest.
- " -.-> " denotes contractual relationship.

Exclusive Technical Consultation and Services Agreement

Beijing Flowing Cloud and the Consolidated Affiliated Entities entered into an exclusive technical consultation and services agreement on May 6, 2022 (the “**Exclusive Technical Consultation and Services Agreement**”), pursuant to which the Consolidated Affiliated Entities agreed to engage Beijing Flowing Cloud as their exclusive provider of comprehensive management and consultation services, including but not limited to:

- (a) to provide information consultation services relating to the Consolidated Affiliated Entities' principal businesses, and provide the Consolidated Affiliated Entities with advices and recommendations on all aspects of business operations;
- (b) to provide corporate management consultation services, taxation and financial management services, information system services and technical services, promoting the Consolidated Affiliated Entities' corporate standardization and formation of information management system;
- (c) to provide services relating to market research, market surveys, research consultation and judgment, and provide market information;
- (d) to provide the relevant technical support and staff training for business personnel, and provide advices and recommendations on human resources management;
- (e) to provide management and consultation services in relation to daily operation, finance, investment, assets, credits and debts, human resources, internal informatization and other management and consultation services;
- (f) to provide advices and recommendations on the negotiation, execution and performance of material contracts;
- (g) to provide advices and recommendations on the mergers and acquisitions and other expansion plans of the Consolidated Affiliated Entities;
- (h) to provide customer order management and customer services, and assist in formulating customer maintenance plans and maintaining customer relationships;
- (i) to provide marketing and promotion and publicity services;
- (j) to design, develop, maintain, upgrade and update the corresponding application software required for the Consolidated Affiliated Entities' business;
- (k) to design, install, conduct daily management, maintain and update the computer network system and hardware equipment of the Consolidated Affiliated Entities;
- (l) to provide consultation services in relation to the relevant applications for going through statutory procedures such as all statutory licenses, approvals and permits required for the Consolidated Affiliated Entities to commence operation; and
- (m) other relevant technical services, consultation, operation information, maintenance and management to the extent permitted by laws as requested by the Consolidated Affiliated Entities from time to time.

Pursuant to the Exclusive Technical Consultation and Services Agreement, the service fees shall be equivalent to the total consolidated profit of the Consolidated Affiliated Entities, after offsetting the prior-year losses (if any) and statutory reserve funds (if applicable). Notwithstanding the foregoing, Beijing Flowing Cloud shall have the right to adjust the level of the service fees based on the actual service scope and with reference to the operating conditions and expansion needs of Beijing Flowing Cloud and send the service fee payment notification to the Consolidated Affiliated Entities within 90 days after each fiscal year end for the services provided in the preceding fiscal year. The Consolidated Affiliated Entities have agreed to pay the service fee after receiving Beijing Flowing Cloud's notification.

In addition, pursuant to the Exclusive Technical Consultation and Services Agreement, without the prior written approval from Beijing Flowing Cloud, the Consolidated Affiliated Entities shall not accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Technical Consultation and Services Agreement with any third party, nor transfer the rights and obligations under the Exclusive Technical Consultation and Services Agreement to any third party.

The Exclusive Technical Consultation and Services Agreement also provides that, (i) all intellectual property rights developed or created during the performance of the Exclusive Technical Consultation and Services Agreement belong to Beijing Flowing Cloud, and (ii) the Consolidated Affiliated Entities shall deal with the intellectual property rights as directed by Beijing Flowing Cloud from time to time, including but not limited to assigning or licensing such rights to Beijing Flowing Cloud or its designee, subject to the laws of the PRC.

The Exclusive Technical Consultation and Services Agreement is effective from the date of its signing for 10 years, which shall be unconditionally renewed at the request of Beijing Flowing Cloud for 10 years and for an indefinite number of successive 10 years thereafter.

The Directors consider that the above arrangement will ensure the economic benefits generated from the operations of the Consolidated Affiliated Entities will flow to Beijing Flowing Cloud and hence, the Group as a whole.

Exclusive Option Agreements

Beijing Flowing Cloud, Ophyer Technology and the Registered Shareholders entered into an exclusive option agreement on December 16, 2021, and Beijing Flowing Cloud, Ophyer Technology, Beijing Xingshi, Hupo Jinyuan, Shenzhen Huachuang and Zhongrunxing entered into an exclusive option agreement on May 6, 2022 (collectively, the "**Exclusive Option Agreements**", each an "**Exclusive Option Agreement**"), pursuant to which Beijing Flowing Cloud has the exclusive rights to request the Registered Shareholders and Ophyer Technology to transfer all or part of their equity interests in the Consolidated Affiliated Entities and/or to request the Consolidated Affiliated Entities to transfer all or part of its assets to Beijing Flowing Cloud and/or any third party designated by it, in whole or in part at any time and from time to time, at a minimum purchase price permitted under PRC laws and regulations. The respective Registered Shareholders and Ophyer Technology have also undertaken that, subject to the relevant PRC laws and regulations, if such minimum purchase price is more than nil consideration, they will return the purchase price they have received in full to Beijing Flowing Cloud and/or a third party designated by it.

Directors' Report

Pursuant to the Exclusive Option Agreements, the respective Registered Shareholders and the Consolidated Affiliated Entities unconditionally and irrevocably undertake, without the prior written consent of Beijing Flowing Cloud, including but not limited to the following matters:

- (a) not to supplement, change or amend the articles of association of the Consolidated Affiliated Entities, or change the registered capital or capital structure, in any forms;
- (b) maintain its corporate existence in accordance with good business standard and practices, obtain and maintain all necessary government licences and permits by prudently and effectively operating its business;
- (c) not to sell, transfer, pledge or otherwise deal with any assets (except for assets used during the course of its daily business operations of less than RMB one million), business or revenue or allow to impose any security interest on its assets (except for security interest imposed during the course of its daily business operations);
- (d) to ensure the valid existence of the Consolidated Affiliated Entities and that the Consolidated Affiliated Entities will not be liquidated or dissolved;
- (e) not to incur, inherit, guarantee or allow the existence of any debt, except for debts generated during the course of its daily business operations or debts disclosed to and agreed by Beijing Flowing Cloud;
- (f) not to perform any actions that may adversely affect the Consolidated Affiliated Entities' business status and asset value;
- (g) not to enter into any material contracts with a contract value of more than RMB one million with any entity except for contracts entered during the course of its daily business operations or entered with Beijing Flowing Cloud and its shareholder or its subsidiaries;
- (h) not to procure the Consolidated Affiliated Entities to lend any loan, or provide guarantee or any other form of guarantee, or any material undertakings for any entity;
- (i) regularly provide Beijing Flowing Cloud with all operations and financial information about the Consolidated Affiliated Entities' business at the request of Beijing Flowing Cloud;
- (j) purchase and maintain insurance related to the Consolidated Affiliated Entities' assets and business from the insurance company accepted by Beijing Flowing Cloud;
- (k) not to procure or agree to any partnership, joint venture or merger between the Consolidated Affiliated Entities and any other entity or invest in anyone, except for an acquisition or investment amount less than RMB one million;
- (l) immediately notify Beijing Flowing Cloud of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to its assets, business or revenue, or any event that may adversely affect its existence, business operation, financial situation, asset or goodwill;
- (m) not to procure the Consolidated Affiliated Entities to declare or distribute any distributable profits or dividends without Beijing Flowing Cloud's prior written consent; and
- (n) appoint or replace any director, supervisor or any other management of the Consolidated Affiliated Entities according to Beijing Flowing Cloud's request.

The Exclusive Option Agreements have a term of ten years and may be renewed by Beijing Flowing Cloud after expiration unless all the equity interests in and assets of the Consolidated Affiliated Entities have been transferred to Beijing Flowing Cloud or its designated entities or individuals. To the extent permitted under PRC laws, the Consolidated Affiliated Entities and the respective Registered Shareholders are not contractually entitled to unilaterally terminate the Exclusive Option Agreements with Beijing Flowing Cloud.

In addition, the respective Registered Shareholders and Ophyer Technology undertake that (i) in case they receive any dividends or other profit distributions from the Consolidated Affiliated Entities, they shall return to the same to Beijing Flowing Cloud; and (ii) in case they receive any proceeds from transfer of equity interests in the Consolidated Affiliated Entities, or any distributions upon liquidation of the Consolidated Affiliated Entities, they shall return to Beijing Flowing Cloud such proceeds or distribution they receive.

Equity Pledge Agreements

Beijing Flowing Cloud, the Registered Shareholders and Ophyer Technology entered into an equity pledge agreement on December 16, 2021, and Beijing Flowing Cloud, Ophyer Technology, Beijing Xingshi, Hupo Jinyuan, Shenzhen Huachuang and Zhongrunxing entered into an equity pledge agreement on May 6, 2022 (collectively, the **"Equity Pledge Agreements"**, each an **"Equity Pledge Agreement"**), pursuant to which each of the respective Registered Shareholders and Ophyer Technology irrevocably and unconditionally agreed to pledge all of their respective equity interests in the Consolidated Affiliated Entities to Beijing Flowing Cloud as security interest to guarantee the performance of contractual obligations of the registered shareholders and the payment of outstanding debts by the Consolidated Affiliated Entities under the Contractual Arrangements.

Under the Equity Pledge Agreements, if the Consolidated Affiliated Entities declare dividends during the term of the pledge, Beijing Flowing Cloud or its designee is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interest, if any. In addition, pursuant to the Equity Pledge Agreements, each of the respective registered shareholders and the Consolidated Affiliated Entities has undertaken to Beijing Flowing Cloud that, among other things, not to transfer his/her/its equity interests in the Consolidated Affiliated Entities or create or allow any pledge on the pledged equity without Beijing Flowing Cloud's prior written consent.

The Equity Pledge Agreements came into effect on upon the execution date and shall remain valid until (i) the final repayment and performance of the secured debt and contractual obligations secured by the pledge; (ii) the respective Registered Shareholders have transferred their entire equity interests in the Consolidated Affiliated Entities to Beijing Flowing Cloud and/or its designee or the Consolidated Affiliated Entities have transferred all of their assets to Beijing Flowing Cloud and/or its designee, pursuant to the applicable PRC laws and regulations, and the Listing Rules; (iii) Beijing Flowing Cloud exercises its unilateral right of termination; or (iv) the agreement is terminated in accordance with or as required by the applicable PRC laws and regulations.

If an event of default (as provided in the Equity Pledge Agreements) occurs, unless it is successfully resolved to Beijing Flowing Cloud's satisfaction within 30 days after such default event is identified, Beijing Flowing Cloud may demand the respective Registered Shareholders and the Consolidated Affiliated Entities to immediately pay all outstanding amounts due under the Exclusive Technical Consultation and Services Agreement, repay any loans and make all other payments due to it and/or dispose of the pledged equity interest. The registration of the pledge of equity interest as required by the relevant laws and regulations had completed in accordance with its terms under the equity pledge agreements dated December 16, 2021 and May 6, 2022, respectively, and PRC laws and regulations.

Shareholders' Rights Entrustment Agreements

Ophyer Technology, the Registered Shareholders and Beijing Flowing Cloud entered into an shareholders' voting rights entrustment agreement on December 16, 2021, and Beijing Flowing Cloud, Ophyer Technology, Beijing Xingshi, Hupo Jinyuan, Shenzhen Huachuang and Zhongrunxing entered into an shareholders' voting rights entrustment agreement on May 6, 2022 (collectively, the "**Shareholders' Rights Entrustment Agreements**", each a "**Shareholders' Rights Entrustment Agreement**"), pursuant to which, each of the respective Registered Shareholders and Ophyer Technology irrevocably, unconditionally and exclusively, through their respective powers of attorney, appoints Beijing Flowing Cloud or its designated person (including the Directors and their successors and liquidator replacing the Directors but excluding the Registered Shareholders and Ophyer Technology), as his/her/its attorney-in-fact to exercise such shareholder's rights in the Consolidated Affiliated Entities, including without limitation to, the rights to:

- (a) propose to convene, participate in and attend general meetings of the Consolidated Affiliated Entities on behalf of the registered shareholders, and sign the minutes and resolutions of the meetings;
- (b) exercise voting rights on all matters which are subject to discussions and resolutions of the shareholders of the Consolidated Affiliated Entities in general meetings (including but not limited to the designation, appointment or replacement of directors and supervisors of the Consolidated Affiliated Entities;
- (c) exercise other voting rights which the shareholders of the Consolidated Affiliated Entities are entitled to in accordance with the articles of association (as amended from time to time);
- (d) decide to transfer or otherwise dispose of the equity interests in the Consolidated Affiliated Entities held by the Registered Shareholders and Ophyer Technology;
- (e) submit any document for filing purpose to the competent authorities on behalf of the Registered Shareholders and Ophyer Technology;
- (f) take over the property on behalf of the Registered Shareholders after dissolution or liquidation of the Consolidated Affiliated Entities;
- (g) receive any profit distribution or dividend in accordance with PRC laws and regulations and the articles of association of the Consolidated Affiliated Entities; and
- (h) exercise other shareholders' rights as specified in applicable PRC laws and regulations and the articles of association of the Consolidated Affiliated Entities (as amended from time to time).

Spouse Undertakings

The spouse of each of the Registered Shareholders, where appropriate, has signed an unconditional and irrevocable undertaking (the “**Spouse Undertakings**”) to the effect that, among others:

- (a) the spouse has been made fully aware of the Contractual Arrangements and consented to the execution of the Contractual Arrangements by such Registered Shareholder and shall not prejudice or hinder the enforcement of the Contractual Arrangements and the equity interest in Ophyer Technology held and to be held by each of the Registered Shareholders (together with any other interest therein) do not fall within the scope of communal properties;
- (b) in the event that the spouse obtains any equity interest in Ophyer Technology, he/she will be subject to and abide by the terms of the Contractual Arrangements, and at the request of Beijing Flowing Cloud, he/she will sign any documents in the form and substance consistent with the Contractual Arrangements;
- (c) no authorization or consent from the relevant spouse is required regarding the performance, modification or termination of the Contractual Arrangements; and
- (d) no claim or action against the Contractual Arrangements will be taken by the spouse.

Reasons for Adopting the Contractual Arrangements

The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version), jointly promulgated by the NDRC and the MOFCOM, was announced on September 6, 2024 and became effective on November 1, 2024. The list specifies the prohibitive and restrictive conditions for foreign investment sectors and sets out the special administrative measures for foreign investment access. Foreign investments should comply with the relevant restrictions and prohibitions stipulated in the list.

The Group engages in AR & VR marketing services fall into the VATS and are considered “restricted” and certain of the Group’s animation video production businesses fall into the radio and television programs production and operation business and are considered “prohibited” (collectively, the “**Relevant Businesses**”). As a result, the Company cannot hold more than 50% equity interests in companies providing VATS and is prohibited from investing in the production and operation of radio and television programs.

In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Businesses, the Group, through its wholly-owned subsidiary, Beijing Flowing Cloud, entered into the Contractual Arrangements with the Consolidated Affiliated Entities and the Registered Shareholders, pursuant to which Beijing Flowing Cloud acquired effective control over the Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from their operations.

In light of the foregoing reasons, the Company believe that the Contractual Arrangements are narrowly tailored as they are used to enable the Group to conduct businesses in the fields that are subject to foreign investment restrictions in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the Group’s legal structure and business operations, have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Revenue and Assets subject to the Contractual Arrangements

For the year ended December 31, 2025, the revenue subject to the Contractual Arrangements amounted to RMB276 million (2024: RMB535 million), while the total assets subject to the Contractual Arrangements as at December 31, 2025 amounted to RMB1,015 million (2024: RMB1,112 million).

Risks Relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

- (i) if the PRC Government determines that the Contractual Arrangements do not comply with applicable regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Group's interest in the Consolidated Affiliated Entities;
- (ii) substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the Group's current corporate structure, corporate governance and business operations;
- (iii) the Contractual Arrangements may not be as effective in providing operational control as direct ownership and the Consolidated Affiliated Entities or the Registered Shareholders may fail to perform their obligations under the Contractual Arrangements;
- (iv) the Group may lose the ability to use and enjoy assets and licenses held by the Consolidated Affiliated Entities that are important to the operation of the Group's business if any of the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding;
- (v) the Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that the Group owe additional taxes could substantially reduce the Group's consolidated net income and the value of your investment;
- (vi) the Registered Shareholders and Ophyer Technology may potentially have a conflict of interest with the Group, and they may breach their contracts with the Group or cause such contracts to be amended in a manner contrary to the Group's interests;
- (vii) the Group conduct the Relevant Businesses in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws;
- (viii) if the Group exercise the option to acquire equity ownership of the Consolidated Affiliated Entities, the ownership transfer may subject the Group to certain limitations and substantial costs; and
- (ix) the Group may not be able to meet regulatory requirements with respect to VATS, notwithstanding the 2022 Decision which came into effect on May 1, 2022, the Group's plan to unwind the Contractual Arrangements may be subject to certain limitations.

For details, please refer to the section headed "Risk Factors — Risks Relating to Our Contractual Arrangements" of the Prospectus.

Compliance with the Contractual Arrangements

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (ii) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) the Company will disclose the overall performance and compliance with the Contractual Arrangements in annual reports; and
- (iv) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Beijing Flowing Cloud and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the Stock Exchange

Pursuant to Chapter 14A of the Listing Rules, (i) Mr. Wang, the Controlling Shareholder and executive Director; and (ii) Ophyer Technology, a company held as to approximately 40.88% and 5.92% by Mr. Wang and Mr. Li Yanhao, respectively, are connected persons of the Company. Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules.

In respect of the Contractual Arrangements, the Stock Exchange has granted a waiver from (i) strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) setting an annual cap for the transactions under the Contractual Arrangements pursuant to Rule 14A.53 of the Listing Rules; and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to the following conditions, details of which are set out in the section headed "Continuing Connected Transactions" in the Prospectus:

- (a) no change without independent non-executive Directors' approval;
- (b) no change without independent Shareholders' approval;
- (c) economic benefits flexibility;
- (d) renewal and reproduction; and
- (e) ongoing reporting and approvals.

Furthermore, the Consolidated Affiliated Entities have undertaken that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide the Group's management and the auditor with full access to their relevant records for the purpose of procedures to be carried out by the auditor on the connected transactions.

Confirmation from Independent Non-executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that: (i) the transactions have been entered into in the ordinary and usual course of business of the Company; (ii) the transactions have been entered into on normal commercial terms or better; (iii) the transactions have been entered into according to the agreement governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole; (iv) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (v) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and (vi) any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended December 31, 2025 (if any) are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

Confirmation from the Auditor

The auditor of the Company was engaged to report on the Group's continuing connected transactions carried out pursuant to the Contractual Arrangements for the year ended December 31, 2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and provided a letter to the Directors confirming whether anything has come to their attention that cause them to believe that the Contractual Arrangements (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) for those transactions with the Consolidated Affiliated Entities under the Contractual Arrangements, dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of the equity interests of the Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to the Group.

Save as disclosed above, none of the other related party transactions constitute connected transactions or continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules and that it had followed the relevant policies and guidelines when determining the price and term of the continuing connected transactions conducted during the year ended December 31, 2025.

EQUITY-LINKED AGREEMENTS

Save for the Post-IPO Share Option Scheme as disclosed in this annual report, no equity-linked agreements were entered into by the Company during the year ended December 31, 2025, or subsisted at the end of December 31, 2025.

MANAGEMENT CONTRACTS

During the Reporting Period, no contract concerning the management and administration of all or any substantial part of the business of the Company was entered into or existed.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to Article 191 of the Articles of Association, the Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts.

The Company has purchased appropriate liability insurance for Directors and officers.

DONATIONS

During the Reporting Period, there were no charitable or other donations made by the Group.

CORPORATE GOVERNANCE

The Group is committed to maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this annual report.

ESG MATTERS

The Group is committed to environmental protection and promoting corporate social responsibility and best corporate governance practices to develop sustainable value for stakeholders, undertaking the responsibilities as a corporate citizen. The Group has established ESG policies which set forth environmental protection measures, social responsibility principals and internal governance.

Under the ESG policies for environmental protection, the Group aims to promote usage of renewable resources and reduce production of hazardous chemicals and gas emissions. The ESG policies for social responsibility and corporate governance aim to ensure that the Group's business meets applicable laws and regulations, contribute to social responsibility causes and promote employees' work safety. The Group also established ESG policies for corporate governance, which aim to manage risks in operation and enhance operational efficiency. In addition, the Group endeavors to reduce any negative impacts on the environment through its commitment to energy saving and sustainable development. The Group will also focus on embracing diversity within the organization and equal and respectful treatment of all employees in their hiring, training, wellness and professional and personal development. While maximizing equal career opportunity for everyone, the Group will also continue to promote work-life balance and create a happy culture in workplace for all employees.

The Group believes that it requires collective effort from the Board to evaluate and manage material ESG issues, therefore the Group has not established any sub-committee for ESG issues. The Directors have collective and overall responsibility for the Group's ESG strategy and reporting, ensuring that the ESG policies are duly implemented and comply with the latest standards and managing material ESG issues (in particular, climate-related risks and opportunities). The management will implement the ESG strategy and policies and make timely report to the Directors on ESG issues. The Directors also support the Group in fulfilling its environmental and social responsibilities. The Directors are responsible for identification, assessment and management of the ESG-related risks at least once a year, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Directors may assess or engage independent third party(ies) to evaluate the ESG risks and review the existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

For further details, please refer to the section headed "Environmental, Social and Governance (ESG) Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) throughout the year ended December 31, 2025. The 59,100 treasury Shares held by the Company as at December 31, 2025 and as at the date of this announcement was the 1,182,000 shares of the Company repurchased in June 2024, which were then consolidated on the basis that every twenty (20) issued and unissued shares be consolidated into one (1) consolidated share (as described under the paragraph headed "SHARE CONSOLIDATION" in the annual results announcement of the Company dated March 25, 2026).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Shares were held by the public as at the latest practicable date prior to the issue of this annual report.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands where the Company is incorporated which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

Save as disclosed in the section headed "Post-IPO Share Option Scheme" in this annual report, the Company had no outstanding convertible securities, options, warrants and similar rights during the year ended December 31, 2025 and there was no issue or grant of any convertible securities, options, warrants and similar rights during the year.

DIVIDEND POLICY

The Company adopted the dividend policy in relation to the declaration, payment or distribution of its profits as dividends to the Shareholders. The payment of dividend is subject to any restrictions under the Companies Law of the Cayman Islands, the Memorandum and Articles of Association, the Listing Rules and any other application laws and regulations.

The dividend policy sets out the factors in consideration, limitations, declaration and payment of dividends. In recommending or declaring dividends, the Company shall take into account the following factors: (i) the Group's overall results of operation, financial condition, business strategies and operations, future cash commitments and investment needs to sustain the long-term growth of business, working capital requirements, capital expenditure requirements, liquidity position and future expansions plans; (ii) the amount of retained profits and distributable reserves of the Company; (iii) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and (iv) any other factors that the Board deems relevant. The dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time. The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time.

The Company was not aware of any Shareholders who had waived or agreed to waive any dividend arrangement for the year ended December 31, 2025.

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Company's Shares.

AUDIT COMMITTEE

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

AUDITOR

The consolidated financial statements for the financial year ended December 31, 2023 was audited by Deloitte Touche Tohmatsu ("**Deloitte**"). Deloitte resigned as the auditor of the Company with effect from July 19, 2024. On the same day, ZHONGHUI ANDA CPA Limited ("**ZHONGHUI ANDA**") was appointed as the auditor of the Company to fill the vacancy following the resignation of Deloitte and to hold office until the conclusion of the next AGM.

The consolidated financial statements for the financial year ended December 31, 2024 was audited by ZHONGHUI ANDA, and the consolidated financial statements for the financial year ended December 31, 2025 was also audited by ZHONGHUI ANDA.

Save as disclosed above, there have been no other changes in the Company's auditor in the preceding three years. For more details, please refer to the announcement of the Company dated July 19, 2024.

ANNUAL GENERAL MEETING

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

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, June 4, 2026 to Tuesday, June 9, 2026, both dates inclusive, during which period no transfer of shares will be registered. The record date will be Tuesday, June 9, 2026. In order to be eligible to attend and vote at the meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, June 3, 2026 being the last registration date.

On behalf of the Board

Wang Lei

Chairman and Executive Director

Hong Kong, March 25, 2026

Corporate Governance Report



The board of directors of the Company (the “**Board**”) is pleased to present this Corporate Governance Report in the annual report of the Company for the year ended December 31, 2025.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholders’ wealth will be maximized in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of business ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company’s corporate governance practices. Such practices provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company. Regular reviews are conducted to ensure the compliance with the Corporate Governance Code. Meanwhile, the Company has also put in place certain recommended best practices as set out in the Corporate Governance Code. The Board is of the view that throughout the year ended December 31, 2025, the Company has complied with most of the applicable code provisions as set out in the Corporate Governance Code, except for code provision C.2.1 of the Corporate Governance Code. For more details of the deviation, please refer to section headed “Chairman and Chief Executive Officer” of this corporate governance report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended December 31, 2025.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code for securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company’s success by directing and supervising the Company’s affairs. All Directors carry out their duties in good faith and always take decisions objectively in the best interests of the Company as well as the Shareholders.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business. Regular reviews are conducted on the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their roles and the Board’s responsibilities. The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently consists of six Directors and its composition is as follows:

Executive Directors

Mr. Wang Lei (*Chairman and Chief Executive Officer*)

Ms. Xu Bing

Mr. Li Yao

Independent non-executive Directors

Mr. Jiang Yi

Ms. Li Yue (*appointed on February 9, 2026*)

Mr. Li Shaojie (*appointed on June 3, 2025*)

Ms. Chen Yuelin (*appointed on March 3, 2025 and resigned on February 9, 2026*)

Mr. Tan Deqing (*resigned on June 3, 2025*)

Ms. Wang Beili (*resigned on March 3, 2025*)

The biographical information of the Directors and the relationships between the Directors are set out in the section headed “Directors and Senior Management” of this annual report. Save as otherwise disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Board Meetings and Directors' and Board Committee Members' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

The attendance records of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended December 31, 2025 are set out in the table below:

Name of Director	Attendance/Number of Meetings During His/her Tenure				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting
Wang Lei	4/4		2/2		1/1
Xu Bing	4/4				1/1
Li Yao	4/4				1/1
Jiang Yi	4/4	2/2		2/2	1/1
Li Yue (appointed on February 9, 2026)	N/A	N/A	N/A	N/A	N/A
Li Shaojie (appointed on June 3, 2025)	3/3	1/1	1/1	1/1	N/A
Tan Deqing (resigned on June 3, 2025)	1/1	1/1	1/1	1/1	1/1
Chen Yuelin (appointed on March 3, 2025 and resigned on February 9, 2026)	4/4	2/2	2/2	2/2	1/1
Wang Beili (resigned on March 3, 2025)	N/A	N/A	N/A	N/A	N/A

Apart from regular Board meetings, the chairman of the Board also held one meeting with the independent non-executive Directors without the presence of other Directors on March 31, 2025. All the relevant Directors attended this meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations. The Company believes that the independent non-executive Directors possess sufficient experience, and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement. They will also be able to provide an impartial and external opinion to protect the interests of the Shareholders.

Corporate Governance Report

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Chairman and Chief Executive Officer

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has deviated from this code provision as the Chairman and Chief Executive Officer of the Company are held by Mr. Wang, who is one of the founders of the Group and has extensive experience in the technology services and game development industry.

With extensive experience in the technology services and game development industry, Mr. Wang is responsible for the strategic development, overall operation and management and major decision-making of the Group and is instrumental to the growth and business expansion since he joined the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and visionary individuals. The Board currently comprises three executive Directors (including Mr. Wang) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. Decisions to be made by the Board requires approval by at least a majority of the Directors. Mr. Wang and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of the Company and will make decisions of the Group accordingly. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Independent Non-executive Directors

During the year ended December 31, 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Ms. Chen Yuelin has been appointed as an independent non-executive Director with effect from March 3, 2025. Ms. Chen Yuelin obtained legal advice referred to in Rule 3.09D of the Listing Rules on March 3, 2025 and she has confirmed she understood her obligations as a director of a listed issuer.

Mr. Li Shaojie has been appointed as an independent non-executive Director with effect from June 3, 2025. Mr. Li Shaojie obtained legal advice referred to in Rule 3.09D of the Listing Rules on June 3, 2025 and he has confirmed he understood his obligations as a director of a listed issuer.

Ms. Li Yue has been appointed as an independent non-executive Director with effect from February 9, 2026. Ms. Li Yue obtained legal advice referred to in Rule 3.09D of the Listing Rules on February 9, 2026 and she has confirmed she understood his obligations as a director of a listed issuer.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its implementation and effectiveness. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

Appointment and Re-election of Directors

The independent non-executive Directors are appointed for a specific term of three years, subject to renewal after the expiry of the current term.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Articles of Association also provides that all Directors appointed to fill a casual vacancy or as addition to the Board shall hold office until the first annual general meeting after appointment. The retiring Directors shall be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The training records of the Directors for the year ended December 31, 2025 are summarized as follows:

Directors	Type of Training <small>Note</small>
Executive Directors	
Mr. Wang Lei	A
Ms. Xu Bing	A
Mr. Li Yao	A
Independent non-executive Directors	
Mr. Jiang Yi	A
Ms. Li Yue (<i>appointed on February 9, 2026</i>)	N/A
Mr. Li Shaojie (<i>appointed on June 3, 2025</i>)	A
Ms. Chen Yuelin (<i>appointed on 3 March 2025 and resigned on February 9, 2026</i>)	A
Mr. Tan Deqing (<i>resigned on June 3, 2025</i>)	A
Ms. Wang Beili (<i>resigned on March 3, 2025</i>)	A

Note:

Types of Training

A: Reading relevant news alerts, newspapers, journals, magazines and relevant publications.



BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee, for overseeing particular aspects of the Company's affairs. The majority of the members of each Board committee are independent non-executive Directors. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

On January 1, 2025, during the year ended 31 December 2025, the Audit Committee consists of three members, namely the independent non-executive Directors Ms. Wang Beili, Mr. Jiang Yi and Mr. Tan Deqing. Ms. Wang Beili was the chairlady of the Audit Committee.

On March 3, 2025, Ms. Wang Beili resigned as an independent non-executive Director. Ms. Chen Yuelin was appointed as an independent non-executive Director and become the chairlady of the Audit Committee on March 3, 2025. On June 3, 2025, Mr. Tan Deqing resigned as an independent non-executive Director. Mr. Li Shaojie was appointed as an independent non-executive Director and become a member of the Audit Committee on June 3, 2025. On February 9, 2026, Ms. Chen Yuelin resigned as an independent non-executive Director. Ms. Li Yue was appointed as an independent non-executive Director and become the chairlady of the Audit Committee on February 9, 2026.

From February 9, 2026, the Audit Committee consists of three members, namely Ms. Li Yue, Mr. Jiang Yi and Mr. Li Shaojie. Ms. Li Yue is the chairlady of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the Corporate Governance Code. The main duties of the Audit Committee are, without limitation, assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee held two meetings with the external auditor during the year ended December 31, 2025 to review the significant issues on the financial reporting, operational and compliance controls, the effectiveness of internal control and risk management systems as well as internal audit function. The attendance records of the Audit Committee meetings are set out under "Board Meetings and Directors' and Board Committee Members' Attendance Records" on page 57.

Remuneration Committee

On January 1, 2025, the Remuneration Committee consists of three members, namely the executive Director Mr. Wang Lei, the independent non-executive Directors Mr. Tan Deqing and Ms. Wang Beili. Mr. Tan Deqing was the chairman of the Remuneration Committee.

On March 3, 2025, Ms. Wang Beili resigned as an independent non-executive Director. Ms. Chen Yuelin was appointed as an independent non-executive Director and become a member of the Remuneration Committee on March 3, 2025. On June 3, 2025, Mr. Tan Deqing resigned as an independent non-executive Director. Mr. Li Shaojie was appointed as an independent non-executive Director and become the chairman of the Remuneration Committee on June 3, 2025. On February 9, 2026, Ms. Chen Yuelin resigned as an independent non-executive Director. Ms. Li Yue was appointed as an independent non-executive Director and become a member of the Remuneration Committee on February 9, 2026.

Corporate Governance Report

From February 9, 2026, the Remuneration Committee consists of three members, namely Mr. Wang Lei, Ms. Li Yue and Mr. Li Shaojie. Mr. Li Shaojie is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the Corporate Governance Code. The primary functions of the Remuneration Committee include, without limitation, making recommendations to the Board of the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; determining the remuneration packages of Directors and senior management; and reviewing and approving remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee held two meetings during the year ended December 31, 2025 to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters, as well as the matters relating to share schemes under Chapter 17 of the Listing Rules. The attendance records of the Remuneration Committee meeting are set out under "Board Meetings and Directors' and Board Committee Members' Attendance Records" on page 57.

The remuneration of the senior management (excluding executive Directors) during the year ended December 31, 2025 falls within the following bands:

Remuneration (HK\$)	Number of Individuals
0 to HK\$1,000,000	—
HK\$2,000,001 to HK\$2,500,000	2
HK\$3,500,001 to HK\$4,000,000	—

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors shall receive options to be granted under the Post-IPO Share Option Scheme. The remuneration policy for independent non-executive Directors is to ensure that independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

Nomination Committee

On January 1, 2025, the Nomination Committee consists of three members, namely the independent non-executive Directors Mr. Tan Deqing, Mr. Jiang Yi and Ms. Wang Beili. Mr. Tan Deqing was the chairman of the Nomination Committee.

On March 3, 2025, Ms. Wang Beili resigned as an independent non-executive Director. Ms. Chen Yuelin was appointed as an independent non-executive Director and become a member of the Nomination Committee on March 3, 2025. On June 3, 2025, Mr. Tan Deqing resigned as an independent non-executive Director. Mr. Li Shaojie was appointed as an independent non-executive Director and become the chairman of the Nomination Committee on June 3, 2025. On February 9, 2026, Ms. Chen Yuelin resigned as an independent non-executive Director. Ms. Li Yue was appointed as an independent non-executive Director and become a member of the Nomination Committee on February 9, 2026.

From February 9, 2026, the Nomination Committee consists of three members, namely Mr. Li Shaojie, Mr. Jiang Yi and Ms. Li Yue. Mr. Li Shaojie is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the Corporate Governance Code. The principal duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations.

The Nomination Committee held two meetings during the year ended December 31, 2025 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the annual general meeting, and to consider and recommend to the Board on the appointment of Directors. The Nomination Committee has set a measurable objective implementing the Board Diversity Policy by appointing at least two Directors of a different gender on the Board by the end of 2025. The Nomination Committee considers that an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee meeting are set out under "Board Meetings and Directors' and Board Committee Members' Attendance Records" on page 57.

Investment Committee

The Investment Committee consists of four members, namely the executive Directors Mr. Wang Lei, Ms. Xu Bing and Mr. Li Yao, the independent non-executive Director Mr. Li Shaojie. Mr. Wang Lei is the chairman of the Investment Committee.

The principal duties of the Investment Committee include, without limitation, reviewing investment performance of internally managed funds, overseeing investment performance of external portfolio and reviewing investment policies.

The Investment Committee did not hold meeting during the year ended December 31, 2025.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Board aims to attract and maintain a Board which has an appropriate mix of diversity, skill, experience and expertise.

Corporate Governance Report

In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to serve its Shareholders and other stakeholders going forward.

The Company is committed to having a Board of more than one gender. Apart from that, the Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

An analysis of the Board's current composition is set out below:

Gender	Age Group
Male: 4 Directors Female: 2 Directors	41–50: 5 Directors 51–60: 1 Director

Designation	Educational Background
Executive Directors: 3 Directors Independent non-executive Directors: 3 Directors	Business Administration: 1 Director Account and Finance: 1 Director Electronic Technology/Information Technology: 2 Directors Others: 2 Directors

Nationality	Business Experience
Chinese: 6 Directors	Business Administration: 1 Director Accounting & Finance: 1 Director Electronic Technology/Information Technology: 4 Directors

The Nomination Committee and the Board considered that the current composition of Board is sufficiently diverse and have a balanced mix of knowledge and skills, including knowledge and experience in the area of technology, business management, finance and accounting, etc. The Directors, with two females and four males, ranging from 40 years old to 59 years old, are able to bring a balance of diversity perspectives to the Board.

The Nomination Committee will conduct an annual review on the Board Diversity Policy and its effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. To further enhance gender diversity, the Board and the Nomination Committee will stay vigilant in identifying a pipeline of potential successors to the Board. The Company constantly implements policies which encourage and attract qualified incumbents to take up senior managerial and Board roles.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	33.33% (2)	66.67% (4)
Senior Management	0% (0)	100% (3)
Other employees	42.22% (38)	57.78% (52)
Overall workforce	39.39% (39)	60.61% (60)

The Board is committed to improving greater gender diversity in the Board, senior management and other employees of the Group and wishes to achieve at least 33.33% (2) of female Directors, 25% (1) of female senior management and 42.22% (38) of female employees by the end of 2026. The Board expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for so.

Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Nomination Policy which sets out the selection criteria, principles and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process set out in the Nomination Policy is as follows:

Appointment of New Director

The secretary of the Nomination Committee shall invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also nominate candidates for its consideration. For appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.

Re-election of Director at General Meeting

The Nomination Committee should make recommendations to the Board in respect of the proposed re-election of Director at the general meeting. The Board shall have the final decision on all matters relating to the recommendation of candidates to stand for election at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Corporate Governance Report

Selection Criteria

The Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- (a) Reputation for integrity;
- (b) Commitment in respect of sufficient time, interest and attention to the Company's business;
- (c) Qualifications, both academic and professional, experience and reputation in the relevant industry and other relevant sectors;
- (d) Diversity in all aspects, with due regard to the diversity perspectives set out in the Board Diversity Policy of the Company and the balance skills and knowledge in the Board;
- (e) The ability to assist and support management and make significant contributions to the Company's success;
- (f) Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- (g) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations.

The Nomination Committee will review, amend and modify the Nomination Policy from time to time, as appropriate, to ensure its that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. Any subsequent amendment is subject to the Board's approval.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code.

During the year ended December 31, 2025, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employees Written Guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in this corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company established a risk management system and relevant policies and procedures which the Company considers suitable for business operations. The policies and procedures are aimed at managing and monitoring business performance.

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee, internal control department and senior management are responsible for ongoing oversight of the implementation of the risk management policies across the Company to ensure the internal control systems are effective in identifying, evaluating, managing and mitigating the risks involved in the course of business operations.

The Company has adopted and implemented risk management policies in all key aspects of the business operations such as financial reporting, information systems, regulatory compliance and human resources.

To monitor the continuous implementation of risk management policies and corporate governance measures after the Listing, the Company has adopted or will continue to adopt, among other things, the following risk management measures:

- establish the Audit Committee to review and supervise the financial reporting process and internal control systems;
- adopt various policies to ensure the compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosure;
- provide regular anti-corruption and anti-bribery compliance trainings for senior management and employees in order to enhance their knowledge of and compliance of applicable laws and regulations; and
- arrange the Directors and senior management to attend training seminars on Listing Rules requirements and the responsibilities as directors of a Hong Kong-listed company.

Financial reporting risk management

The Company has implemented a set of accounting policies for the risk management of financial reporting, such as financial reporting management policies, budget management policies, financial statement preparation policies, and finance department and employee management policies. The Company has implemented various procedures to put such accounting policies in place, and the finance department will review the management accounts in accordance with such procedures. The Company also provides trainings to personnel in the finance department on an as-needed basis focusing on accounting policies, tax management, financial reporting and other related topics.

Corporate Governance Report

Information risk management

The Company has implemented multiple measures to ensure the compliance with PRC laws and regulations relating to data privacy and security. The Company has designated personnel with over 10 years of experience in the information technology industry to take charge of data protection and to monitor the operations of the information technology infrastructure. During the year ended December 31, 2025, the Company has not experienced any material breach of information or loss of data, nor experienced any material infringement and/or unauthorized use of the intellectual property rights of the copyrighted software.

Operational risk management

In order to effectively manage the compliance and legal risks, the Company has adopted strict internal procedures to ensure that the business operations are in compliance with relevant rules and regulations. Under these procedures, the legal and compliance department performs the essential function of reviewing and updating the forms of contracts we enter into with the customers and suppliers. Before the Company enter into any contract or business arrangement, the legal and compliance department examines the terms of the contract and reviews all relevant documents for the business operations, including licenses and permits obtained by the counterparty to fulfill its obligations under business contracts, and all necessary relevant due diligence materials.

The Company improves the internal policies and update the internal templates for legal documents from time to time in response to any changes in laws, regulations and industry standards. In addition, the Company reviews the implementation of the risk management policies and measures from time to time to ensure that such policies and the relevant implementation are effective and adequate.

Human resources risk management

The Company has established a set of internal control policies that cover all aspects of human resource management, including recruitment, training, professional ethics and legal compliance. The Company adheres to high recruitment standards and strict procedures to ensure the quality of our new employees. The Company provides customized trainings to employees in different departments as necessary. The internal management policies incorporate guidelines on codes of conduct, professional ethics and prevention of fraud, malpractice and corruption. The Company has also established an anonymous reporting channel, through which potential violations of internal policies or illegal acts at all levels of the Group can be reported to the management in a timely manner, and appropriate measures can be taken to mitigate any damage.

Corporate governance measures

The Company has established the Audit Committee, which is mainly responsible for assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee comprises three independent non-executive Directors, of which the chairlady has appropriate professional qualifications.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2025.

During the year ended December 31, 2025, the Company has its internal audit function to conduct an internal control review on certain operational process of the Group. A report on the result of assessment and recommendations was provided to the Audit Committee. The Group will take measures to implement the recommendations on the internal control system.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls for the year ended December 31, 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Group and those who deal with the Group to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Group.

The Company has also in place the Anti-Corruption Policy to safeguard against any corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company and stakeholders to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Company has developed its disclosure policy which provides a general guide to the Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements with the support of the accounting and finance team.

The Directors have prepared the consolidated financial statements in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The consolidated financial statements of the Group are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group for the year ended December 31, 2025, and the disclosures of other information and report therein complies with relevant legal requirements.

The statement of the external auditor of the Company about his responsibilities for the audit of the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid and payable to the external auditor of the Company for the year ended December 31, 2025 in respect of audit service was RMB1,900,000 and non-audit service (including interim review) was RMB900,000.

JOINT COMPANY SECRETARIES

Mr. Li Yao and Ms. Chan Sau Ling have been appointed as the Company's joint company secretaries. Ms. Chan Sau Ling is currently a Director of Company Secretarial Services of Tricor Services Limited, an external service provider. On April 21, 2026, Ms. Chan Sau Ling resigned as the Company's joint company secretary and Mr. Yau Tsz Lun was appointed to fill the vacancy left by Ms. Chan Sau Ling. Mr. Yau Tsz Lun is a manager of company secretarial services of Tricor Services Limited.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and Board practices and matters. Mr. Li Yao, the executive Director and joint company secretary, has been designated as the primary contact person at the Company which would work and communicate with Mr. Yau Tsz Lun on the Company's corporate governance and secretarial and administrative matters.

For the year ended December 31, 2025, Mr. Li Yao and Ms. Chan Sau Ling have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings may be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis in the share capital of the Company and the foregoing Shareholders shall be able to add resolutions to the meeting agenda. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Pursuant to Article 64 of the Articles of Association, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis in the share capital of the Company can make a requisition to add resolutions to the meeting agenda.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Shop 8, Jingyuan Art Center
Guangqulu, No. 3, Chaoyang District
Beijing, PRC
(For the attention of the Board of Directors/Company Secretary)

Email: yao.li@flowingcloud.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims to set out the provisions with the objective of ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders to engage actively with the Company. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

Corporate Governance Report

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

“Corporate Communication” as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities or the investing public, including but not limited to the following documents of the Company: (a) the Directors’ report, annual accounts together with a copy of the auditor’s report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange’s website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company’s securities in both English and Chinese versions, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company’s securities shall have the right to choose the means of receipt of the Corporate Communication (by post or through electronic means).

Pursuant to Rule 2.07A of the Listing Rules and the Articles of Association, the Company will disseminate the future corporate communications of the Company to its shareholders electronically and only send Corporate Communications in printed form to the shareholders upon request. Details of the arrangements (i) for dissemination of Corporate Communications and (ii) for requesting printed copy of Corporate Communications are published under the section “Investor relations” in the Company’s website (www.floatingcloud.com).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange’s website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

A dedicated Investor Relations section is available on the Company’s website (www.floatingcloud.com). Information on the Company’s website is updated on a regular basis. Press releases and any information or documents of the Company posted on the Stock Exchange’s website will also be published on the Company’s website.

(d) Shareholders’ Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules and the Company’s Memorandum and Articles of Association. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Board members, in particular, the chairman of Board committees or their delegates, and the external auditor should attend general meetings of the Company to answer Shareholders’ questions (if any).

(e) Shareholders' Enquiries***Enquiries about Shareholdings***

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.srhk.vistra.com, or send email to is-enquiries@vistra.com or call its hotline at +852 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: yao.li@flowingcloud.com or by post to Shop 8, Jingyuan Art Center, Guangqulu No. 3, Chaoyang District, Beijing, PRC.

(f) Other Investor Relations Communication Platforms

During the year ended December 31, 2025, an annual general meeting was held on May 28, 2025 in PRC, and the topics discussed included: the consideration of the consolidated financial statements of the Group and reports of the Directors and of the auditors for the year ended December 31, 2024; approving the re-election of Directors and approving the re-appointment of ZHONGHUI ANDA CPA Limited as auditors.

The forthcoming annual general meeting will be held on June 9, 2026.

During the year ended December 31, 2025, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval. Such details have been disclosed in under the section "Directors' Report" of this annual report.

Deed of Non-competition Undertaking

Mr. Wang Lei, Wanglei Co., Ltd. and Brainstorming Cafe Limited have entered into a deed of non-competition in favour of the Company on September 8, 2022 (the "**Deed**"), details of which have been set out in the Prospectus.

The Company has received written declaration from each of Mr. Wang, Wanglei Co., Ltd. and Brainstorming Cafe Limited in respect of his/its and/or his/its close associates' compliance with the Deed during the year ended December 31, 2025. The independent non-executive Directors have also reviewed the compliance and enforcement of the Deed and confirmed that Mr. Wang, Wanglei Co., Ltd. and Brainstorming Cafe Limited have not been in breach of the Deed during the year ended December 31, 2025.

Environmental, Social and Governance (ESG) Report

ABOUT THIS REPORT

This report is the fourth Environmental, Social and Governance (“**ESG**”) report published by Flowing Cloud Technology Ltd and its subsidiaries (hereinafter referred to as “Flowing Cloud” or the “**Group**”) to its stakeholders.

REPORTING PERIOD AND BOUNDARY

This report covers Flowing Cloud’s sustainability strategy and environmental, social and governance (ESG) performance for the period from January 1, 2025 to December 31, 2025 (hereinafter referred to as the “**Reporting Period**” or “**the Year**”), with certain information that may relate to periods outside the Reporting Period. The data and information disclosed in this report are derived from official documents and statistical reports.

BASIS AND PRINCIPLES FOR PREPARATION

This report has been prepared in accordance with the provisions set out in the *Environmental, Social and Governance Reporting Code* (hereinafter referred to as the “**ESG Reporting Code**”) issued by The Stock Exchange of Hong Kong Limited (“**HKEx**”), as well as the *Sustainability Reporting Standards (GRI Standards)*. This report follows the reporting principles of the Environmental, Social and Governance Reporting Code issued by HKEx as set out below:

Materiality: Senior management identifies, evaluates, reviews, and confirms material issues for stakeholders, with a focus on reporting environmental, social and governance (ESG) matters that have an impact on stakeholders.

Quantitative: Key performance indicators (KPIs) are disclosed in quantitative terms.

Consistency: Consistent methodologies are applied to allow for comparison of KPIs over time.

Balance: The Group’s ESG performance is presented in an objective manner.

FEEDBACK

This report is available in Traditional Chinese and English. In case of any discrepancy, the Traditional Chinese version shall prevail. Stakeholders are welcome to provide opinions and suggestions on the Group’s environmental, social and governance (ESG) report and performance through the following channels:

Tel.: 010-83050736

Email: yao.li@flowingcloud.com



ABOUT FLOWING CLOUD

i. Group Overview

Flowing Cloud Technology Ltd was established in 2008 and is a China National High-Tech Enterprise and a Beijing Specialized and Innovative Enterprise. The Company has a municipal-level enterprise technology center in Beijing and owns over one hundred independent intellectual property rights. In its early stage, the Group focused on game development and publishing, and officially expanded into the AR/VR enterprise services sector in 2015. With business development, the Group continues to deepen its expertise in core technology areas, including the metaverse, AR/VR/MR, artificial intelligence, and big data, forming a relevant technology layout. On October 18, 2022, Flowing Cloud was listed on the Main Board of The Stock Exchange of Hong Kong Limited.

ii. Corporate Culture

Mission	Building a Virtual World to Empower People into a Metaverse Era
Vision	Strive to Be a Great Company in the Metaverse Era
Core Values	Innovation, Collaboration, Trust, Self-discipline
Talent Philosophy	Optimistic, Sturdy, Self-discipline

iii. Honours of the Group in 2025

Award Date	Honor
January 2025	Rated as "AAA-Level Enterprise in Corporate Credit Evaluation"
January 2025	Awarded the title of "Contributor" in the 2024 Practical Excellence Competition by Huzhou Municipal Government
February 2025	Listed in the "2024 XR Industry Influence" ranking
February 2025	Awarded the title of "High-Growth Demonstration Enterprise" in Anji
February 2025	Awarded "STIF 2024 Digital Influence Enterprise"
June 2025	Selected as "Beijing User Satisfaction Enterprise"
July 2025	Selected for "Beijing Digital Consumption New Technology Solutions"
October 2025	Awarded "Top 50 VR Enterprises in China 2025"
December 2025	Rated as "2025 Beijing Software Core Competitiveness Enterprise (Market Application Type)"

SUSTAINABLE DEVELOPMENT MANAGEMENT

Flowing Cloud continues to advance sustainability management by integrating environmental, social and governance concepts into its daily operations. Through establishing a clear ESG governance framework, enhancing communication with stakeholders, and conducting materiality analysis, the Group identifies and responds to significant sustainability issues, promoting the long-term and stable development of the Company.

i. The Board’s Statement

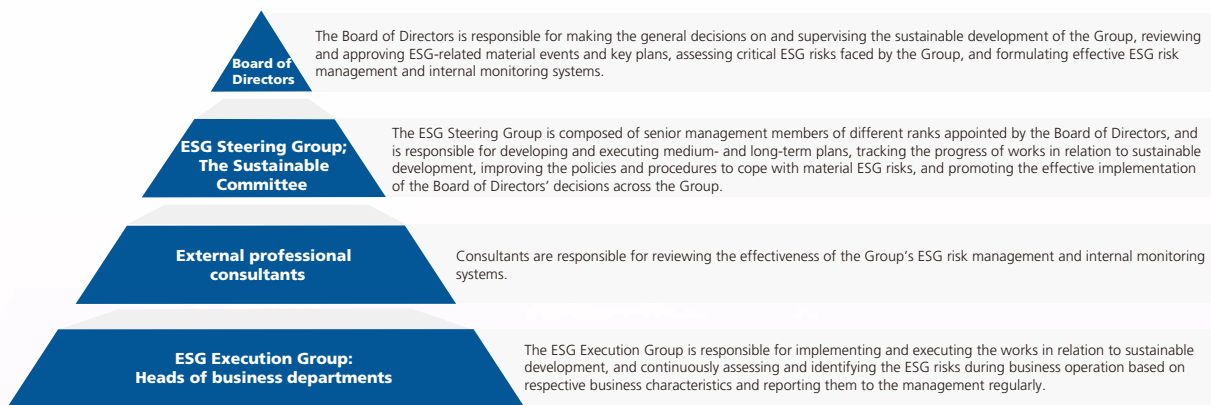
Flowing Cloud recognizes the value of ESG concepts for the Group’s long-term and stable development. The Board incorporates environmental, social and governance concepts into the Group’s overall governance system, treating it as an important component supporting the Group’s steady operations and value management. The Group believes that sound ESG management helps enhance risk identification and control capabilities and promotes continuous improvement in operational transparency and responsible governance.

To strengthen ESG management effectiveness, the Group has established a sustainability management mechanism, with the Board responsible for strategic direction and ultimate oversight, and the Sustainability Committee coordinating the implementation of related work. The Board regularly reviews ESG-related progress and adjusts management priorities in a timely manner in response to internal and external environmental changes.

The Group also emphasizes the identification and prioritization of material issues and develops management measures for ESG risks that may have a material impact on long-term operations, in order to enhance overall development resilience. In the future, the Board will continue to improve the ESG management system, promote governance effectiveness, and create long-term value for society, the environment, and shareholders.

ii. ESG Governance Structure

Flowing Cloud has established an ESG governance framework centered on the Board to ensure that sustainability concepts are integrated into the Group’s daily operations. The Board is responsible for overseeing and making decisions on ESG matters, while the Sustainability Committee and each business unit are tasked with implementing specific ESG initiatives, continuously enhancing the Group’s overall ESG management capabilities.



ESG Governance Structure and Responsibilities of Flowing Cloud



iii. Stakeholder Engagement

Flowing Cloud places great importance on communication and collaboration with various stakeholders, promoting information exchange through multiple channels to gain a deep understanding of stakeholders' concerns and respond to reasonable expectations in a timely manner. We are committed to building long-term, stable, and transparent relationships based on mutual trust, and, by continuously optimizing management practices, promote the coordinated enhancement of corporate development and social value.

Stakeholders	Expectations and Concerns	Communication and Response
Government and Regulatory Authorities	<ul style="list-style-type: none"> • Compliant operations • Anti-corruption • Climate change response • Environmental protection • Corporate social responsibility 	<ul style="list-style-type: none"> • Institutional inspections • Official correspondence • Policy implementation • Information disclosure and periodic reporting
Shareholders and Investors	<ul style="list-style-type: none"> • Protection of shareholders' rights • Accuracy and timeliness of information disclosure • Anti-corruption • Compliant operations • Economic performance • Intellectual property protection • Technology and innovation • Talent attraction and retention 	<ul style="list-style-type: none"> • General meetings of shareholders • Information disclosure • Business roadshows
Customers	<ul style="list-style-type: none"> • Product quality • Technology and innovation • Service quality • Information security and privacy protection 	<ul style="list-style-type: none"> • Quality management system • Customer service system • Satisfaction surveys • Customer feedback mechanism • Information security management system
Employees	<ul style="list-style-type: none"> • Employees' rights and benefits • Occupational health and safety • Employee training and development 	<ul style="list-style-type: none"> • Internal communication platform • Employee assessment and promotion • Employee training • Employee activities • Employee satisfaction surveys

Environmental, Social and Governance (ESG) Report

Stakeholders	Expectations and Concerns	Communication and Response
Suppliers and Partners	<ul style="list-style-type: none"> • Supply chain management • Sustainable cooperation 	<ul style="list-style-type: none"> • Supplier management system • Supplier evaluation • Supplier communication and training
Industry Associations	<ul style="list-style-type: none"> • Industry collaboration • Promoting industry development and innovation • Industry standards and standardization 	<ul style="list-style-type: none"> • Industry forums • Exchange visits • Collaborative research and reports • Industry standards development and promotion
Public and Communities	<ul style="list-style-type: none"> • Support community development • Build a harmonious society 	<ul style="list-style-type: none"> • Public welfare initiatives • Volunteer services • Periodic sustainability report publication

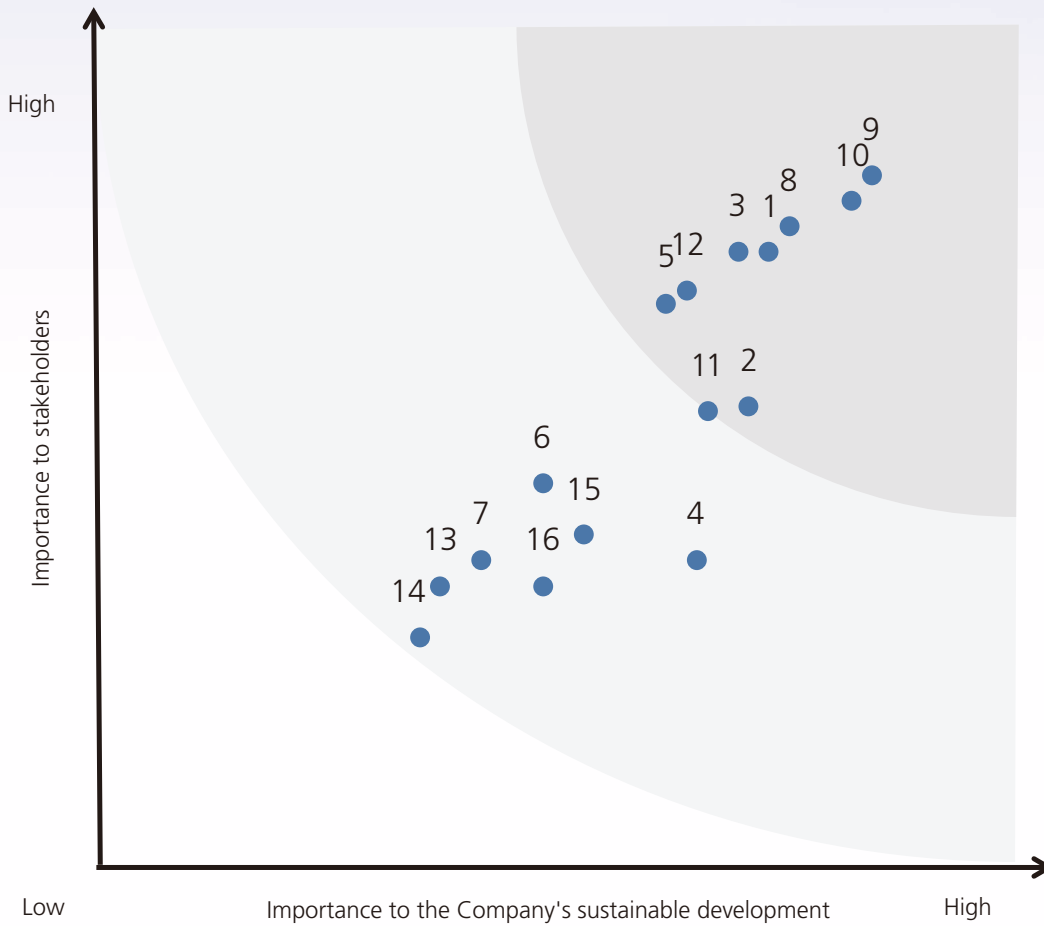
iv. Materiality Assessment

Flowing Cloud continuously carries out materiality identification and analysis work. Through a systematic evaluation approach, the Company clarifies key issues that have significant impact on the Group's operations and stakeholders, providing a reference for ESG strategy formulation and resource allocation. The Group's materiality analysis is divided into three main stages.

In the issue identification and screening stage, the Group considers industry characteristics and refers to the policy environment, industry research, and peer practices to develop a list of issues covering environmental, social and governance (ESG) areas. Based on the Group's development strategy and operational priorities, 16 material issues were identified during the Year.

In the double materiality assessment stage, the Group comprehensively evaluates issues based on the principle of double materiality, considering both the impact on corporate development and stakeholder concern, and completes the prioritization by combining internal professional judgment with external opinions.

In the material issue confirmation stage, the Group constructs a materiality matrix and classifies issues according to their level of importance to support efficient resource allocation, ensuring that sustainability efforts are aligned with the Group's strategic direction.



Flowing Cloud's Materiality Matrix

Flowing Cloud's Material ESG Issues List

No.	Issue	No.	Issue
1	Compliant operations	9	R&D innovation
2	Anti-corruption	10	Customer service management
3	Cybersecurity and Information Security	11	Customer complaint response
4	Intellectual property protection	12	Customer privacy protection
5	Employees' rights and benefits	13	Social welfare
6	Occupational health and safety	14	Waste management
7	Supplier management	15	Climate change response
8	Product quality management	16	Green operations

SHAPING AN ENVIRONMENTALLY FRIENDLY OPERATING MODEL

Flowing Cloud actively integrates environmental protection concepts into its daily operations and is committed to promoting sustainable operational practices. Based on its business characteristics, the Group systematically manages energy and resource usage, continuously monitors climate-related risk factors, and improves overall environmental performance through optimized management measures.

i. Addressing Climate Change

Climate change is a global challenge. The Group acknowledges the associated risks and opportunities, gradually establishing a sound climate governance framework, integrating climate factors into business decision-making, and identifying potential climate risks with reference to international frameworks, aiming to contribute to global climate change mitigation while developing its business.

1. Climate Governance

The Group continues to improve climate-related governance arrangements, incorporating climate factors into the Group's long-term development and risk management system. Through establishing a multi-level management mechanism, the Group promotes climate governance. The Board is primarily responsible for reviewing the strategic direction of climate matters and providing overall oversight, guiding the formulation of management strategies for climate risks and opportunities, and making decisions on resource conservation and emissions management planning. Under the coordination of management, the Sustainability Committee is responsible for the daily advancement of climate issues, including analyzing climate-related impact factors, assessing potential risks and development opportunities, and studying corresponding response measures. Each business and operational unit implements climate management requirements into specific operational processes to ensure that climate management objectives are steadily achieved.



2. Climate Strategy

The Group continuously monitors climate change and environmental sustainability-related issues and appropriately considers climate factors throughout its overall development process, promoting a balanced development between business operations and environmental responsibility.

- **Climate Risks and Opportunities**

The Group prudently assesses the potential impact of climate factors on its development based on business characteristics, promoting the coordination between business operations and sustainable development.

Category	Risk/Opportunity Description	Impact	Impact Period	Response Measures
Physical Risk				
Acute Risk	Extreme weather events (e.g., typhoons, heavy rain, floods) are becoming more frequent, potentially causing direct disruption to office locations	May result in operational interruptions, equipment damage, employee commuting difficulties, and additional maintenance and emergency costs	Short to medium term	Continuously improve emergency management mechanisms and strengthen protection measures for offices and operational sites to enhance response capability to unforeseen events
Chronic Risk	Long-term climate pattern changes (e.g., sustained increase in average temperature) may affect energy consumption at office locations	May increase cooling demand in data centers and electricity consumption in offices, raising operational costs	Long term	Continuously improve equipment energy efficiency
Transition Risk				
Policy and Compliance Risk	Climate-related regulatory requirements and information disclosure standards may gradually increase	May increase internal compliance management work and related management investment	Medium to long term	Continuously monitor policy changes and optimize internal management processes
Market and Reputation	Society's attention to corporate sustainability performance continues to grow	May affect market perception and brand evaluation, indirectly influencing market cooperation opportunities	Long term	Strengthen ESG information disclosure and stakeholder communication
Climate Opportunities				
Digital Technology Service Opportunities	Virtual reality and digital interaction technologies can provide online alternatives in certain scenarios	May help expand the application space for digital technology services and have a positive impact on business structure	Medium to long term	Promote technological innovation and optimize service models
Brand Reputation Opportunities	Stakeholders' attention to corporate social responsibility performance continues to increase	May help enhance market trust and brand value, promoting stable cooperation relationships	Medium to long term	Continuously improve sustainability management and information transparency

- **Climate Scenario Analysis**

Climate change may have differentiated impacts under different development pathways. The Group, taking into account its business characteristics, selects typical climate development scenarios for analysis. Through scenario analysis, the Group aims to enhance its ability to identify future uncertainties and provide references for long-term development planning.

In this climate scenario analysis, the following scenarios were selected to assess the potential physical and transition risks the Group may face in the future.

Physical Risk Scenarios

Scenario name	Scenario description
SSP5–8.5 (High-carbon Emission Scenario)	Assume that global carbon emissions continue to rise due to reliance on fossil fuels, leading to a temperature increase of over 4°C and frequent extreme weather events. This scenario evaluates the impact of uncontrolled climate change on the Group’s physical risks.
SSP1–2.6 (Low-carbon Sustainable Scenario)	Assume that the world takes aggressive carbon reduction measures, keeping global temperature rise within 1.5°C. This scenario analyses how the Group would operate under a low-carbon transition.

Transition Risk Scenarios

Scenario name	Scenario description
NGFS Net-Zero Emissions by 2050 Scenario	Assume that the world achieves net-zero emissions by 2050, with policies driving the development of low-carbon technologies. Under this scenario, businesses face stricter environmental regulations and increased pressure for technological transformation.
NGFS Current Policy Scenario	Assume that global climate policies remain largely unchanged, with high-carbon emissions persisting. Under this scenario, businesses face policy uncertainty and potential increases in carbon emission costs.

In terms of physical risk scenario analysis, the Group focuses on assessing the potential impact of extreme climate changes on its fundamental operational environment. Under the SSP5–8.5 high-carbon emission scenario, the frequency and intensity of extreme weather events (e.g., typhoons, heavy rain, heatwaves) may increase, potentially causing indirect disruption to employee commuting and normal office operations, affecting project progress and generating emergency arrangement costs. In contrast, under the SSP1–2.6 low-carbon sustainable development scenario, climate variability is relatively controllable, helping maintain a stable operational rhythm and reducing the impacts of extreme weather uncertainty on daily work.

For transition risk scenario analysis, the Group refers to NGFS climate scenarios. Under the 2050 net-zero emission pathway, as global climate policies and environmental regulations gradually tighten, enterprises may face higher levels of compliance management and technological adaptation requirements. Under the current policy scenario, climate governance-related regulatory changes are relatively limited in the short term, with minimal direct impact on the Group’s current operations. However, from a long-term perspective, as low-carbon development trends deepen, enterprises may face future needs to adjust technologies and business models. The Group will continue to monitor climate policies and market developments and prudently assess potential transition pressures.



3. Climate Risk Management

Climate risk management is an important component of the Group's overall risk management system. The Group's climate risk management mainly consists of three stages: risk identification, risk assessment, and risk response.

In the risk identification stage, the Group, taking into account industry developments and its own business characteristics, conducts preliminary identification and categorization of climate-related risks and opportunities, serving as the basis for subsequent assessment and management.

In the risk assessment stage, the Group focuses on analyzing the potential impact of climate factors on business operations and examines risk exposure from both direct and indirect impact perspectives.

In the risk response stage, the Group develops corresponding management measures based on assessment results, maintains a prudent approach to major climate risks, and continuously enhances risk response capabilities through regular review and internal management optimization, ensuring that climate risk management aligns with the Group's development needs and changes in the external environment.

4. Climate Metrics and Targets

The Group has set climate-related emission control targets in 2023. On the premise that the business structure and scale remain relatively stable, greenhouse gas (GHG) emission intensity is controlled at 1.78 tons of carbon dioxide equivalent per employee.

The Group's operations do not involve large-scale production activities. Greenhouse gas emissions mainly originate from purchased electricity. The Group's GHG emissions for the Year are disclosed in the table below.

GHG Emission Category	Unit	Emissions (2025)	Emissions (2024)
Scope 1 Direct GHG Emissions ¹	tCO ₂ e	10.56	0.00
Scope 2 Indirect GHG Emissions from Energy Consumption ²	tCO ₂ e	145.04	174.71
Total GHG Emissions	tCO ₂ e	155.60	174.71
GHG Emission Intensity	tCO ₂ e/employee	1.57	1.41

This year, the Group's total GHG emissions decreased compared with the previous year. However, due to a reduction in the total number of employees, emission intensity increased. Nonetheless, the Group has achieved its target of controlling emission intensity at 1.78 tons of carbon dioxide equivalent or below per employee. In the future, the Group will continue to optimize energy use efficiency and further promote a green and low-carbon operational model.

¹ During the Year, the Group had company vehicles. Scope 1 GHG emissions mainly originate from direct emissions produced by fuel consumption of company vehicles.

² Scope 2 GHG emissions mainly originate from purchased electricity for offices. The related emissions were calculated based on the electricity carbon emission factors jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics as of December 31, 2025.

ii. Green Operations

The Group's business does not involve manufacturing activities, and therefore its direct impact on the environment is relatively limited. The Group advocates a green office concept and improves resource utilization efficiency through daily management measures. Employees are encouraged to develop habits of conserving energy and reducing resource waste, while the environmental friendliness of operational activities continues to be monitored.

1. Waste Management

The Group's business does not involve production processes; therefore, no industrial exhaust gas is generated during operations. However, vehicle exhaust emissions may arise from daily business travel. To manage such emissions, the Group encourages employees to prioritize the use of public transportation during business travel in order to reduce the environmental footprint associated with such travel activities.

In terms of waste management, the waste generated during the Group's operations mainly consists of office waste and domestic waste, and no hazardous waste is generated. To properly handle such waste, the Group entrusts qualified sanitation agencies to carry out waste classification and routine cleaning, ensuring that waste is disposed of in compliance with relevant requirements while promoting recycling and reuse measures.

The Group advocates reducing waste generation at the source. Employees are encouraged to adopt practices such as double-sided printing and the economical use of stationery, and reminders for paper conservation are posted in office areas. In addition, when procuring office supplies, the Group gives priority to products that meet environmental protection standards to reduce the environmental impact of waste. Meanwhile, the Group promotes paperless office practices and electronic document management to reduce paper consumption. Through regular training and promotional activities, the Group also enhances employees' environmental awareness and encourages them to practice environmental protection concepts in their daily work.



2. Use of Resources

The resources used in the Group's daily operations mainly include electricity and water, with consumption primarily occurring in office premises. The Group pays attention to resource usage and is committed to improving resource utilization efficiency in order to reduce the environmental impact arising from its operational activities.

In terms of energy use, the Group encourages employees to develop energy-saving habits, including turning off unnecessary lights and equipment after work and setting air-conditioning temperatures reasonably. At the same time, when purchasing office equipment, the Group gives priority to models with higher energy efficiency to reduce overall electricity consumption.

Regarding water use, the Group promotes water conservation by posting water-saving reminders and conducting regular inspections of water supply facilities to avoid unnecessary water waste. All water used by the Group is sourced from municipal water supply, and the supply of water resources is stable.

The energy consumption and intensity for the Year are presented in the table below.

	Unit	2025
Direct Energy ³	MWh	42.74
Indirect Energy ⁴	MWh	273.35
Total Energy Consumption	MWh	316.09
Energy Consumption Intensity	MWh/employee	3.19
Total Water Consumption	tons	840.00
Water Consumption Intensity	tons/employee	8.48

The Group established targets for energy and water consumption in 2023. If there are no significant changes in the Group's business, the targets are to control energy consumption intensity at 2.02 MWh per employee and water consumption intensity at 8.47 tons per employee. This year, the Group did not achieve the energy consumption intensity target. The main reason is that the Group used gasoline-powered company vehicles during the Year, resulting in a slight increase in total energy consumption compared with the previous year, while the total number of employees decreased. In terms of water consumption intensity, the value for the Year was 8.48 tons per employee, which was close to the target value of 8.47 tons. In the future, the Group will continue to monitor the use of energy and water resources and improve resource utilization efficiency.

³ Direct energy mainly refers to gasoline consumed by company vehicles during use.

⁴ Indirect energy mainly refers to purchased electricity used in office premises.

FOSTERING A HARMONIOUS AND INCLUSIVE WORKPLACE

Flowing Cloud is committed to fostering a harmonious and inclusive workplace environment, respecting the diverse backgrounds and individual values of every employee, and providing equal opportunities for development. The Group is dedicated to offering comprehensive compensation and benefits, open communication channels, and a healthy and safe working environment, enabling employees to gain a sense of belonging and achievement at work and grow together with the Group.

i. Protection of Employee Rights and Interests

Flowing Cloud adheres to a people-oriented philosophy and continuously improves arrangements for safeguarding employee rights and interests, ensuring that employment management operates in a standardized manner and that employees' legitimate rights and interests in the workplace are protected.

The Group strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China*, ensuring that recruitment and termination procedures as well as labor relations meet the relevant requirements.

In daily human resources management, we emphasize the principles of equal opportunity and diversity and oppose any form of discrimination. The Group integrates the concepts of equality and diversity into recruitment, employment, and management arrangements, striving to provide employees with a relatively fair working environment and development conditions. We are committed to fostering a highly inclusive workplace atmosphere and ensuring that employees are able to participate in opportunities for career development under fair conditions.

With respect to working time management, we implement a system of eight working hours per day and five working days per week. We advocate an efficient working philosophy and encourage employees to complete their work tasks within normal working hours. If overtime is required due to special circumstances, employees may be granted corresponding compensatory leave upon approval by the department supervisor and filing with the Human Resources Department. Daily attendance is recorded through WeCom to track employees' working hours, and attendance personnel conduct monthly statistics. Confirmed overtime hours are credited as compensatory leave to safeguard employees' rights to rest.

To prevent risks related to forced labor, the Group continuously strengthens reviews in daily employment management and understands employees' conditions through internal communication mechanisms. We have established a reporting mailbox and explain the relevant reporting channels to employees during onboarding training. Employees may report identified violations via email. If any instance of forced labor is identified, the Group will immediately cease the relevant practice and take necessary measures. At the same time, the Group will cooperate with the relevant administrative authorities in conducting investigations, analyze the causes of the incident internally, handle the responsible personnel accordingly, and conduct a comprehensive review and rectification of internal management systems.

During the recruitment process, we verify the age and identity information of applicants to ensure compliance with statutory employment requirements. The age requirement in recruitment notices is uniformly set at 18 years old and above. When employees complete onboarding procedures, identity documents are checked again to confirm that the hired personnel have reached the statutory working age.

ii. Compensation and Benefits System

The Group has established a compensation system that balances fairness and incentive effects. Through standardized salary arrangements, employees' remuneration levels are maintained in relative alignment with job requirements and actual work contributions, supporting stable business operations and the development of the talent pool. The design of compensation comprehensively considers the stage of business development and operational performance, following the principles of remuneration according to work and fairness, in order to attract and retain talent suitable for the Group's development needs.

The Group's compensation structure mainly comprises base salary, position-based salary, performance bonuses, and long-term incentives. Performance bonuses are adjusted based on employees' achievement of targets and actual contributions, reflecting an incentive-oriented approach.

The Group has established a mechanism for salary adjustments, regularly conducting performance-based compensation assessments in conjunction with business development and operational performance. Employees with outstanding performance may be offered opportunities for salary adjustment, while the remuneration of underperforming employees will also be adjusted in accordance with relevant management systems.

In terms of benefits, the Group contributes to social insurance and the housing provident fund for employees in accordance with law and provides various types of leave as required. Beyond statutory benefits, we organize diversified employee care and recreational activities according to actual circumstances, including quarterly birthday celebrations, regular badminton and basketball activities, and an annual themed event, enriching employees' leisure life and promoting team cohesion.



Flowing Cloud Organizes Management Team-Building Activities



Flowing Cloud Holds Business Strategy Communication Meeting & Management Team Building Events



Flowing Cloud Holds Badminton Competitions

iii. Career Development and Training

The Group attaches great importance to talent development and employees' career growth, adhering to the philosophy of valuing, nurturing, and utilizing talent, and providing employees with space for development. We encourage employees to engage in continuous learning and accumulate practical experience, allocate corresponding training resources, and provide development support to enhance employees' professional skills and overall competencies.

Currently, the Group's employee training system mainly includes new employee training, professional skills training, management capability training, professional conduct training, and OA system online learning, in order to meet the learning needs of employees at different career stages.

In terms of new employee training, we expect participants to attend the courses in full and complete the related learning requirements. During the training period, we encourage employees to maintain a positive learning attitude. In case of special circumstances preventing timely participation, employees may notify in advance and apply for leave in accordance with regulations. Situations such as late arrivals, absences, or exam performance during the training process are communicated and reminded appropriately, and the relevant performance is incorporated into the overall training assessment as a reference for subsequent employee development. New employee onboarding training generally provides two assessment opportunities. Those who fail the first assessment may participate in a retake; passing the retake is considered successful completion of the training. If the retake is still not passed, appropriate attention will be given during the probation management period, and continuous support and guidance will be provided to help employees gradually adapt to job requirements and achieve personal growth.

iv. Occupational Health and Safety

The Group places great importance on employees' physical and mental health, striving to create a safe and healthy working environment. Regular health check-ups and various health promotion activities are provided to enhance employees' health awareness.

During the Year, we organized Traditional Chinese Medicine therapy consultations and arranged health examinations for all employees to help them understand their health status and pay early attention to potential health risks.

In addition, we continue to focus on workplace safety management, ensuring that office environments comply with relevant occupational health and safety standards. Going forward, the Group will continue to improve occupational health protection measures, providing more comprehensive health support to employees.

During the Year and over the past three years, no work-related fatalities occurred among employees. Our employees have not suffered work-related injuries resulting in lost working days, and the Group has not been penalized for violations of occupational health and safety laws and regulations in China.

DELIVERING AN OUTSTANDING AND INNOVATIVE USER EXPERIENCE

Flowing Cloud is committed to continuously enhancing user experience through technological innovation, product quality management, and service optimization, thereby promoting high-quality business development.

i. Continuously Promoting R&D Innovation

The Group advances virtual human live-streaming technology development around the “VRChat Sitting Broadcast Project,” gradually building a virtual live-streaming technology capability system. R&D work is carried out in phases, including technology standardization and application implementation, independent technology iteration, and virtual IP incubation, exploring integration paths between virtual and traditional live-streaming. R&D investment is based on the Company’s own funds and stable revenue from the guild live-streaming business, with annual R&D expenditure expected to remain at a certain proportion of live-streaming business revenue.

In terms of R&D management, the Group adopts a combination of project-based and cross-departmental collaboration models, establishing a dedicated mechanism for virtual live-streaming technology. Technology development and application transformation are advanced through processes such as project research, standardized R&D, joint acceptance, trial operation iteration, data review, and results consolidation. During the Reporting Period, the project completed the full-process development of two VRChat characters and entered the trial operation stage, with related technological achievements continuously supporting the development of the virtual live-streaming business.

The Group also enhances employees’ awareness and interest in innovation through knowledge-sharing sessions, seminars, and other activities, and encourages employee participation in R&D innovation through incentive mechanisms. At the same time, cross-departmental communication and collaboration are promoted to facilitate the internal sharing and application of innovative outcomes in business operations, and innovation management measures are continuously optimized based on market changes, user feedback, and technological development.

ii. Strengthening Product Quality Control

The Group has established management mechanisms covering both externally procured products and internally developed products in terms of product quality management.

For externally procured products, prior to the procurement process, we conduct market research and supplier assessment and selection. Within the range of qualified suppliers, product quality and pass rates are evaluated, and suppliers are required to provide relevant product quality and environmental certificates. After project procurement is completed, a dedicated project manager is responsible for logistics follow-up, receipt, and acceptance of goods, and signs the acceptance form to ensure that externally procured products meet the relevant requirements.

For internally developed products, the Group has established quality management methods covering the entire software development lifecycle, monitoring, evaluating, and improving the development process. Product quality objectives are clearly defined, including requirements such as functional completeness and maintainability, and internal standards are formulated based on industry standards or internal needs. Training is provided to ensure consistency in quality requirements. Unit testing and integration testing are conducted early in the development phase to identify and correct issues promptly, while code reviews are performed manually or automatically to detect defects and optimization opportunities. During the development phase, CI/CD processes are implemented, with frequent building, testing, and deployment to maintain code quality and functional stability; automated testing tools are also employed to improve testing efficiency.

The Group has established a problem tracking and management mechanism to record, analyze, and address identified issues. Preventive measures such as static code analysis and compilation warning checks are implemented to reduce later maintenance costs. In addition, test coverage is evaluated and continuously optimized, and quality control checkpoints are set throughout the project lifecycle to ensure that products meet predetermined quality requirements before moving to the next phase. During product development and deployment, user questionnaires and practical usage testing are also used to collect feedback and promptly correct defects. The Group continuously improves product quality by regularly assessing and optimizing quality management measures at each stage.

iii. Providing Innovative Solutions

The Group is committed to delivering digital solutions for various industries, supporting the optimization and upgrading of industry service models, continuously exploring the application value of digital technologies in industry scenarios, and promoting the implementation and development of innovative solutions.

1. Promoting Digital Upgrades in Cultural Tourism

Over the years, the Group has continuously explored the deep integration of digital technologies with the cultural tourism industry. Leveraging independently developed AR/VR technologies and extensive project experience, the Group has provided comprehensive digital solutions for tourist attractions such as Yuanmingyuan Park, Qiao Family Compound, Xitang Water Town, and Elephant Trunk Hill, offering visitors a more convenient, enriched, and personalized travel experience.

In addition, the Group applies digital technologies such as immersive projection and holographic imaging to assist in cultural relics display, enhancing the dissemination and presentation of cultural content. During the Year, the Group acted as a core technology partner for the *National Treasures Reunited: Harbin Special Exhibition of Repatriated Overseas Cultural Relics*, participating in the digital exhibition of cultural artifacts. The exhibition showcased 76 valuable cultural relics returned from overseas, including four original bronze heads from Yuanmingyuan Park.

2. Facilitating Transformation of Real Economy

As a practitioner promoting the integration of digital technologies with the real economy, the Group continuously monitors the application potential of Metaverse technologies across diverse scenarios and enhances industrial digital service capabilities through technological innovation.

During the Reporting Period, the Group actively participated in industry technology exchange activities. At the 2025 Automotive Technology and Equipment Development Forum, we discussed the core topic of *Automotive Industry Embracing Artificial Intelligence* and collaborated with upstream and downstream enterprises in the industry chain as well as research institutions to advance industry-academia-research cooperation and innovation. During the forum, we were invited to showcase the application achievements of industrialized Metaverse technologies in the industry, including the Lynk & Co Metaverse Digital Showroom and the Metaverse Genesis Home digital service solutions. These digital showrooms are built using high-precision 3D modeling technologies, support multi-terminal access, and provide immersive interactive experiences. The showrooms enable data linkage between virtual user behavior and offline visits and online consultations, establishing a multi-channel user data foundation for brands.

In the future, we will continue to invest in industrialized Metaverse technology research and leverage digital twin and immersive interactive technologies to support industrial digital transformation, promoting the development of the real economy.

3. Exploring Intelligent Scenarios

The Group continuously monitors the development trends of intelligent scenario construction. Through technological practice, we expand the application boundaries of digital technologies in service scenarios and explore ways to enhance scenario interaction efficiency and service experience.

During the Reporting Period, we collaborated with Capital Airport Holding Media Co., Ltd. and Langzhong Ancient City Airport Management Co., Ltd. to jointly develop the digital twin airport marketing platform “Tiangong Airport.” The platform, centered on the development direction of intelligent services, constructs virtual airport scenarios through digital modeling, achieving the integration of physical spaces and digital scenes. It provides passengers with online services to query airport layouts and related information, supporting itinerary planning references.

iv. Standardized and Compliant Marketing Management

The Group attaches great importance to the compliance management of external communication and market promotion. Through clear review procedures and codes of conduct, it ensures that all promotional content is objective and prudent.

All promotional materials released externally, including text, images, and videos, are reviewed by the Public Relations Department to ensure that the content is factually accurate and avoids inappropriate statements. After the preliminary review, the relevant content is further reviewed by the head of public relations and, in accordance with the Company’s established approval process, submitted to the business, public relations, and legal departments for confirmation before external release. If the promotion involves joint publicity with third-party partners, the relevant content is also released only after review and confirmation by both parties. In addition, the Group requires sales personnel not to accept or solicit kickbacks, discounts, or other improper benefits, in order to maintain fairness in sales pricing.

v. Enhancing Customer Service Quality

The Group is committed to continuously optimizing customer service quality. Through the improvement of service processes and management mechanisms, the Group enhances customer experience and service support capabilities.

1. Customer Experience Improvement

The Group has established multiple channels for customer contact to promptly understand customer needs and provide corresponding support.

Throughout customer interactions, we communicate with customers via telephone, email, instant messaging tools, or face-to-face interactions, listening to and understanding customer needs to accurately grasp the core issues. During the service process, customer issues are recorded in detail, including key elements such as basic customer information, issue description, and the time of occurrence. Issues are then categorized and prioritized according to their nature to ensure that urgent and important matters are addressed promptly. During the problem analysis stage, relevant departments collaborate to develop solutions. Upon completion of issue resolution, the Group proactively collects customer feedback to confirm whether the problem has been properly addressed. Meanwhile, the Group regularly conducts customer satisfaction surveys to gather opinions and suggestions on service processes and outcomes, with the aim of continuously optimizing service quality and procedures.

2. Customer Service Training

In terms of customer service training, the Group shares industry development information and updates business knowledge and service concepts through regularly held internal workshops and external expert lectures. Training content includes simulated exercises and practical experience sharing, continuously strengthening the service capabilities and response efficiency of the customer service team.

The Group has also established a relatively fair and transparent performance evaluation mechanism, incorporating customer service performance into the assessment system. Rewards and career development opportunities are provided to high-performing staff, and training content is adjusted in a timely manner based on issues encountered in actual work to reinforce areas where service capabilities are weak.

3. Customer Privacy Protection

The Group obtains customer consent before collecting any data and informs customers of how their data will be used, as well as their related rights, including the rights to access, correct, and delete information. To minimize the risk of data leakage, customer information is anonymized or de-identified whenever possible, without affecting the provision of services.

4. Customer Complaint Handling

In terms of customer complaint handling, project leaders communicate with department heads immediately upon receiving a customer complaint, internally discuss the core issues, and proactively communicate with the customer to address the matter. Optimized or supplementary solutions are implemented to ensure the smooth progress of the project. Routine business issues are reported by the project manager to the department head, with communication and formulation of optimized handling measures completed within 24 hours to provide customer service support. For more serious project issues, department heads and legal officers conduct internal consultations and decide on a resolution plan, which is then shared with relevant management personnel via email. The department primarily responsible for handling customer complaints shall report relevant matters through the project manager to the business department head, who, in collaboration with the finance and legal departments, develops a joint resolution plan.

BUILDING A COLLABORATIVE AND WIN-WIN ECOSYSTEM

Flowing Cloud firmly believes that the sustainable development of a company depends on healthy interactions with partners and the industry ecosystem. The Group actively fulfills its responsibilities along the value chain, improving operational standards together with partners through standardized supply chain management. At the same time, the Group actively participates in industry exchanges, promoting technological application and industrial advancement, and is committed to building an industry ecosystem characterized by collaboration, mutual benefit, trust, and shared prosperity.

i. Supply Chain Management

The Group has established the Supplier Management Policy, which standardizes the selection, evaluation, and cooperation management of suppliers. Environmental, social, and governance factors are appropriately considered in the relevant processes to promote the sustainable development of the supply chain.

During the supplier selection process, we require suppliers to possess valid business qualifications and comply with applicable laws and regulations. Comprehensive assessments are conducted considering factors such as company size, financial condition, and market reputation, while also paying attention to their systems and practices regarding environmental management, labor rights protection, and business ethics. Product quality, delivery capability, and pricing are also included in the overall evaluation.

We also regularly evaluate core suppliers, focusing primarily on product or service quality, delivery performance, and cooperation effectiveness, such as responsiveness and problem-solving ability. For suppliers whose evaluations do not meet requirements, corrective recommendations are provided and improvement progress is monitored. If a supplier continuously fails to meet standards or poses significant risks, cooperation may be terminated, and alternative suppliers may be sought.

ii. Supporting Industry Development

The Group actively participates in major industry conferences and exhibitions, promoting the application and implementation of digital technologies across various sectors. During the Reporting Period, the Group was invited to attend multiple industry events and, through keynote presentations, case demonstrations, and project collaborations, explored development paths for technological innovation and scenario integration together with industry stakeholders. The Group will continue to drive the deepening of industrial applications through technological innovation, providing support and contributions to high-quality industry development.

Flowing Cloud was Invited to Attend the 2025 Beijing International Audiovisual Conference Core Forum

Flowing Cloud actively participates in industry exchange activities within the cultural technology and digital content sectors. The Group was invited to attend the core forum of the 2025 Beijing International Audiovisual Conference, the *Film and TV IP Derivative Industry Innovation and Development Forum*. Centered on the theme *Technology Empowering IP, Derivatives Creating Value*, the Group discussed with industry stakeholders the development directions of IP derivative industries in content innovation, user experience, and copyright protection.

Flowing Cloud was Invited to Attend the 2025 Digital and Smart Cultural Tourism Development Conference

Flowing Cloud was invited to participate in the 2025 Digital and Smart Cultural Tourism Development Conference and signed the Digital Entertainment New Space Content Distribution Management System agreement. While XR technologies are increasingly applied in cultural tourism scenarios, low content distribution efficiency and insufficient resource coordination remain constraints on industry development. The signed management system establishes a full-chain management framework, from content creation, intelligent distribution, and multi-level operations to real-time supervision, achieving efficient collaboration among content providers, operators, and venue owners. This agreement represents an important practice of Flowing Cloud's response to the Shanghai Digital and Smart Cultural Tourism Development Strategy and its efforts to deepen ecosystem collaboration.

Flowing Cloud was Invited to Participate in the 2025 World Internet Conference "Internet Plus" Expo

Organized by the Zhejiang Provincial Department of Culture, Radio, Television and Tourism, this event aims to support Zhejiang's goal of building a strong cultural province, focusing on smart tourism innovation and product business model expansion. Through case demonstrations and experiential exchanges, the event promotes the integration of the digital economy and the tourism industry. As a company specializing in metaverse scenario applications, Flowing Cloud participated in the expo, showcasing reference cases for smart cultural tourism technology applications.

During the expo, the Group engaged with Zhejiang provincial cultural and tourism authorities, 5A-level scenic area operators, national-level tourist resorts, and representatives of cultural tourism enterprises to discuss topics including scenic area digital upgrades, cultural IP technology transformation, and the development of new cultural tourism scenarios, exploring ways to align technology with industry needs.

Flowing Cloud was Invited to Attend the 2025 China Shanghai VR/AR Industry Expo

In May 2025, Flowing Cloud was invited to attend the 2025 China Shanghai VR/AR Industry Expo. This expo serves as an important domestic platform for the VR/AR industry, attracting audiences and media organizations from multiple countries and regions. Exhibiting companies cover XR spatial computing, artificial intelligence, content creation, and application fields including industry, healthcare, education, entertainment, and cultural tourism. During the expo, as a VR/AR content and service provider, we showcased a one-stop digital cultural tourism solution and VR content, presenting cultural tourism resources through virtual scenarios and exploring potential applications of digital technology in cultural tourism display and dissemination, providing reference for industry development.

STRENGTHENING ROBUST AND TRANSPARENT CORPORATE GOVERNANCE

Flowing Cloud continuously improves corporate governance, enhances risk management, and ensures that business operations comply with applicable laws, regulations, and ethical standards, safeguarding the rights and interests of stakeholders. The Group also places emphasis on key areas such as anti-corruption, intellectual property protection, and cybersecurity, continuously optimizing related management measures to elevate governance standards and operational compliance.

i. Corporate Governance

The Group strictly complies with the *Company Law of the People's Republic of China* and relevant regulatory requirements, establishing a standardized corporate governance framework and comprehensive control mechanisms to ensure internal controls cover key operational areas, including sales, procurement, production, research and development, and asset management. The Group continuously optimizes its internal control system to ensure compliant and effective operations, and adjusts management systems in a timely manner in response to changes in internal and external environments, enhancing the robustness and adaptability of corporate governance.

To strengthen risk management, the Group has established corresponding management systems, regularly conducts risk identification and assessment, and develops improvement plans for identified issues, while continuously monitoring and analyzing the key causes of significant risks. In accordance with changes in risk conditions, the Group adjusts control measures and develops contingency plans as needed to ensure stable operations.

ii. Anti-Corruption

The Group maintains a zero-tolerance stance toward any form of bribery and corruption, complying with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Prevention of Bribery Ordinance (Chapter 201)*, and other relevant laws and regulations, and is committed to maintaining a clean and fair business environment.

To strengthen management in this area, the Group has established the *Anti-Bribery, Anti-Corruption, Anti-Fraud, and Whistleblowing Management Policy*, guided and supervised by the Board Audit Committee, while the management team is responsible for implementing internal control measures and taking remedial actions when necessary.

At the prevention level, the Group communicates its anti-corruption policies and integrity requirements to all employees through compliance training and regular awareness campaigns, enhancing staff awareness of compliance and ethical standards. The Group conducts at least one anti-corruption themed training session annually and designs content according to different target audiences. Board-level training focuses on legal and regulatory interpretation, identification of corruption risks, fulfillment of supervisory duties, and internal control assessment to strengthen oversight functions. Employee training primarily covers integrity awareness, Group policy communication, professional ethics standards, and the whistleblowing mechanism, helping employees understand behavioral boundaries and consciously avoid misconduct.

The Group has established whistleblowing channels through which employees and stakeholders can report suspected corruption or other improper conduct. The Group strictly protects the personal information of whistleblowers and prohibits any form of retaliation.

iii. Intellectual Property Protection

The Group places high importance on intellectual property (IP) protection, considering it a fundamental basis for maintaining competitive advantage and driving innovation. In accordance with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and other relevant laws and regulations, the Group continuously strengthens IP management to ensure that all innovations are legally protected.

Regarding the use of third-party IP resources, the Group requires employees to verify the legal source of the resources and obtain the corresponding authorization. To further standardize related practices, the Group has established management policies such as the *Commercial Font Legitimate Use Management Policy* and the *Software Legitimate Use Management Policy*, with the Company centrally procuring licensed software and commercial fonts. The Employee Handbook also clearly stipulates that when using IP materials in the form of images, text, and video, employees must use purchased licensed resources or authorized works to ensure lawful use of others' intellectual property and avoid infringement.

iv. Cybersecurity Management

The Group continuously enhances its cybersecurity management, incorporating the protection of information system stability and data security into daily operational management. The Group safeguards all types of sensitive data during business operations, ensuring that internal and external information transmission complies with security standards.

All data is encrypted to ensure that systems and information are accessible only to authorized users. Records of all data access are maintained for monitoring and subsequent traceability. The Group regularly conducts system vulnerability scans and promptly applies patches to maintain stable operation of information systems.

In addition, the Group requires all employees to strictly comply with information security policies and, through regular training and inspections, ensures that preventive measures are effectively implemented. The Group continuously raises employees' cybersecurity awareness, encouraging each staff member to uphold information security requirements in daily work and fostering a culture of collective responsibility for network security.

EXPLORING COMPASSIONATE PUBLIC WELFARE SERVICES

Flowing Cloud firmly believes that the steady development of a company relies on the support of society, and aims to give back to the community within its capabilities. We continuously monitor social needs and actively explore forms of public welfare participation suitable to its business characteristics, seeking to combine technological innovation with social responsibility and contribute to social development.

Looking ahead, the Group will carefully assess the diverse needs in the public welfare sector, plan future engagement directions in alignment with business resources, and carry out service activities that create positive social value as needed. The Group strives to gradually build sustainable and compassionate public welfare practices, working together with various sectors of society to promote harmonious development.

Environmental, Social and Governance (ESG) Report

APPENDIX

i. Key Performance Indicators

Indicator	Unit	2025	2024
Environmental			
Air Emissions⁵			
Sulfur Oxides (SOx)	kg	0.07	0.00
Particulate Matter (PM)	kg	0.21	0.00
Nitrogen Oxides (NOx)	kg	2.84	0.00
Greenhouse Gas Emissions			
Scope 1 GHG Emissions	tCO ₂ e	10.56	0.00
Scope 2 GHG Emissions	tCO ₂ e	145.04	174.71
Total GHG Emissions	tCO ₂ e	155.60	174.71
GHG Emission Intensity	tCO ₂ e/employee	1.57	1.41
Waste			
Total Hazardous Waste Generated	kg	0.00	0.00
Hazardous Waste Intensity	kg/employee	0.00	0.00
Total Non-Hazardous Waste ⁶	kg	125.00	0.00
Non-Hazardous Waste Intensity	kg/employee	1.26	0.00
Resource Use			
Direct Energy	MWh	42.74	0.00
Indirect Energy	MWh	273.35	306.34
Total Energy Consumption	MWh	316.09	306.34
Energy Intensity	MWh/employee	3.19	2.47
Total Water Consumption	tons	840.00	1,297.00
Water Consumption Intensity	tons/employee	8.48	10.46
Total Packaging Material for Finished Products	tons	0.00	0.00
Packaging Material Intensity for Finished Products	tons/million RMB revenue	0.00	0.00

⁵ During the Year, the Group had company vehicles. Air emissions are primarily generated from fuel consumption by these vehicles.

⁶ The Group's operations do not involve production activities, and waste is mainly office-generated. From 2025 onward, the Group will estimate the amount of office waste generated.

Indicator	Unit	2025	2024
Social			
Employment			
Total Employees	persons	99	124
Male Employees	persons	60	77
Female Employees	persons	39	47
Chief executive	persons	6	8
Senior Management Employees	persons	3	3
Middle Management Employees	persons	6	14
Other Employees	persons	84	99
Employees Under 30	persons	27	36
Employees 30–40	persons	55	70
Employees 41–50	persons	15	17
Employees Over 50	persons	2	1
Mainland China Employees	persons	99	123
Overseas Employees	persons	0	1
Male Employee Turnover Rate	%	45.19	31.54
Female Employee Turnover Rate	%	45.45	29.09
Under 30 Employee Turnover Rate	%	61.02	43.68
30–40 Employee Turnover Rate	%	39.53	27.97
41–50 Employee Turnover Rate	%	30.43	6.25
Over 50 Employee Turnover Rate	%	0.00	0.00
Mainland China Employee Turnover Rate	%	44.64	30.42
Overseas Employee Turnover Rate	%	100.00 ⁷	0.00
Health and Safety			
Work-Related Deaths in the Past Three Years (including 2025)	persons	0	0
Work-Related Death Rate in the Past Three Years (including 2025)	%	0.00	0.00
Lost Workdays Due to Work Injuries	days	0	0
Development and Training			
Male Employees Trained	%	60.57	61.90
Female Employees Trained	%	39.43	38.10
Chief Executives Trained	%	3.43	3.72
Senior Management Trained	%	4.00	1.40
Middle Management Trained	%	7.43	6.51
General Employees Trained	%	85.14	88.37
Average Training Hours — Male Employees	hours	2.89	4.56
Average Training Hours — Female Employees	hours	3.06	3.04
Average Training Hours — Chief Executives	hours	8.00	8.00
Average Training Hours — Senior Management	hours	11.70	16.00
Average Training Hours — Middle Management	hours	11.60	19.00
Average Training Hours — General Employees	hours	3.30	1.60

⁷ The overseas employee turnover rate for the Year was 100%, mainly due to the departure of the Group's only overseas employee during the Reporting Period. As the overseas employee base is small, the turnover rate is highly sensitive to individual personnel changes.

Environmental, Social and Governance (ESG) Report

Indicator	Unit	2025	2024
Supply Chain Management			
Total Number of Suppliers	units	5	5
Suppliers by Region	units	Hong Kong 2, Shanghai 1, Shenzhen 1, Beijing 1	Beijing 3, Zhejiang 1, Hong Kong 1
Suppliers Meeting the Group's Responsible Procurement Standards	units	Hong Kong 2, Shanghai 1, Shenzhen 1, Beijing 1	Beijing 3, Zhejiang 1, Hong Kong 1
Product Responsibility			
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0.00	0.00
Number of Complaints	times	0	0
Community Investment			
Public Welfare Contributions	RMB10,000	0.00	0.00
Governance			
Anti-Corruption Training for Board Members	times	1	1
Board Members Anti-Corruption Training Coverage	%	100.00	100.00
Anti-Corruption Training for Employees	times	1	1
Employee Anti-Corruption Training Participation ⁸	person-times	172	124
Number of Corruption Litigation Cases	cases	0	0
Results of Corruption Litigation Cases	—	—	—

⁸ Participation is counted cumulatively based on attendance at training activities; if the same employee attends multiple sessions, each attendance is counted separately.



ii. Indicator Index

HKEx Environmental, Social and Governance

Reporting Code		GRI	Section/Notes
A. Environmental			
A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	305, 306-2	Waste Management Use of Resources
A1.1	The types of emissions and respective emissions data.	305-1, 305-2, 305-4, 305-6, 305-7	Key Performance Indicators
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	306-2, 306-3	The Group's business does not involve production; this indicator is not applicable
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	306-2, 306-3	Key Performance Indicators
A1.5	Description of emissions target(s) set and steps taken to achieve them.	305-5	Waste Management The Group's business does not generate industrial emissions or hazardous waste and does not produce a significant amount of non-hazardous waste; therefore, no related targets have been set at this time

Environmental, Social and Governance (ESG) Report

HKEx Environmental, Social and Governance Reporting Code

		GRI	Section/Notes
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	306-2, 306-4	Waste Management The Group's business does not generate industrial emissions or hazardous waste and does not produce a significant amount of non-hazardous waste; therefore, no related targets have been set at this time
A2: Use of resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	301, 103, 303	Use of Resources The Group's business does not involve the production of raw materials
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	103	Use of Resources Key Performance Indicators
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	303-1, 303-3, 303-4, 303-5	Use of Resources Key Performance Indicators
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	103	Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	303-3, 303-4, 303-5	Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	301-1	The company's business does not involve product manufacturing or packaging; therefore, this indicator is not applicable



HKEx Environmental, Social and Governance

Reporting Code		GRI	Section/Notes
A3: The environment and natural resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	103, 301, 303, 304, 305, 306	The Group's business does not have a significant impact on the environment; therefore, this indicator is not applicable
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	303-1, 303-2, 304-2, 306-3, 306-5	The Group's business does not have a significant impact on the environment; however, resource-saving measures are still implemented to further minimise environmental impact
B. Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	202, 401, 405, 406, 2-19	Protection of Employee Rights and Interests, Compensation and Benefits System
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	2-7, 2-8, 405-1	Key Performance Indicators
B1.2	Employee turnover rate by gender, age group and geographical region.	401-1	Key Performance Indicators

Environmental, Social and Governance (ESG) Report

HKEx Environmental, Social and Governance Reporting Code

		GRI	Section/Notes
B2: Health and safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	403	Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	403–9	Key Performance Indicators
B2.2	Lost days due to work injury.	403–9	Key Performance Indicators
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	403–1	Occupational Health and Safety
B3: Development and training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	404–2	Career Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	404–1	Key Performance Indicators
B3.2	The average training hours completed per employee by gender and employee category.	404–1	Key Performance Indicators
B4: Labour standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	408, 409	Protection of Employee Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour.	408, 409	Protection of Employee Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered.	408, 409	Protection of Employee Rights and Interests

Environmental, Social and Governance (ESG) Report

HKEx Environmental, Social and Governance Reporting Code

GRI Section/Notes

Operating Practices

B5: Supply chain management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	204, 308, 414	Supply Chain Management
B5.1	Number of suppliers by geographical region.	2–6	Key Performance Indicators
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	308–1, 308–2, 414–1, 414–2	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	308–2, 414–2	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	308–1	Supply Chain Management

B6: Product responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	416–1, 416–2, 417–2, 417–3, 418–1	Delivering an Outstanding and Innovative User Experience The Group provides virtual services, which do not involve product and service health or safety issues
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	—	The Group provides virtual services; therefore, this indicator is not applicable
B6.2	Number of products and service-related complaints received and how they are dealt with.	418–1	Enhancing Customer Service Quality, Key Performance Indicators
B6.3	Description of practices relating to observing and protecting intellectual property rights.	—	Intellectual Property Protection

Environmental, Social and Governance (ESG) Report

HKEx Environmental, Social and Governance Reporting Code

Reporting Code		GRI	Section/Notes
B6.4	Description of quality assurance process and recall procedures.	—	Delivering an Outstanding and Innovative User Experience The Group provides virtual services and does not involve product recycling. However, we place great emphasis on user feedback and have established a standardised customer complaint handling process to ensure that customer issues are addressed promptly and effectively
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	418	Enhancing Customer Service Quality
B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	205–2	Corporate Governance, Anti-Corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	205–3	Key Performance Indicators
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	205–2, 205–3	Anti-Corruption
B7.3	Description of anti-corruption training provided to directors and staff.	205–2	Anti-Corruption



HKEx Environmental, Social and Governance

Reporting Code		GRI	Section/Notes
Community			
B8: Community investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	413	Exploring Compassionate Public Welfare Services
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	203-1, 413-1	Exploring Compassionate Public Welfare Services
B8.2	Resources contributed (e.g. money or time) to the focus area.	413-1	Exploring Compassionate Public Welfare Services
D. Climate-related Disclosures			
Governance	(a) Information about the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	2-9, 2-11, 2-12	Climate Governance
	(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	2-14, 2-17	Climate Governance
Strategy	Climate-related risks and opportunities	201-2	Climate Strategy
	Business model and value chain	2-6	Climate Strategy
	Strategy and decision-making	2-22, 2-23, 2-24	Climate Strategy
	Financial position, financial performance and cash flows	201-1, 203-2	Quantitative disclosure exemption for current and expected financial impact implementation
	Climate resilience	—	Quantitative disclosure exemption for climate scenario analysis implementation

Environmental, Social and Governance (ESG) Report

HKEx Environmental, Social and Governance Reporting Code

		GRI	Section/Notes
Risk management	(a) The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.	201-2	Climate Risk Management
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	201-2	Climate Risk Management
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	201-2	Climate Risk Management
Metrics and targets	Greenhouse gas emissions	102	Climate Metrics and Targets Reasonable data exemption for Scope 3 greenhouse gas emissions measurement
	Climate-related transition risks	201-2	Implementation of reasonable data exemption
	Climate-related physical risks	201-2	Implementation of reasonable data exemption
	Climate-related opportunities	201-2	Implementation of reasonable data exemption
	Capital deployment	201-2	The Group will closely monitor climate-related capital deployment and may consider taking relevant measures in the future

Environmental, Social and Governance (ESG) Report



HKEx Environmental, Social and Governance Reporting Code

HKEx Environmental, Social and Governance Reporting Code	GRI	Section/Notes
Internal carbon prices	—	The Group will closely monitor internal carbon pricing and may consider taking relevant measures in the future
Remuneration	2-19, 2-20, 2-21, 202	Use of Resources The Group has incorporated resource conservation into performance evaluations, monitoring and assessing employee resource usage behaviour
Industry-based metrics	—	Not applicable or no relevant data available
Climate-related targets		Climate Metrics and Targets

Independent Auditor's Report



TO THE SHAREHOLDERS OF FLOWING CLOUD TECHNOLOGY LTD

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Flowing Cloud Technology Ltd (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 115 to 170, which comprise the consolidated statement of financial position as at 31 December 2025, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Revenue in respect of provision of augmented reality and virtual reality marketing service

Refer to Note 7 to the consolidated financial statements.

Revenue in respect of provision of augmented reality and virtual reality (“**AR & VR**”) marketing service is recognised based on the results of the placements of services in relevant external platforms which comprises a high volume of activities such as clicking and downloading, and calculated automatically based on the algorithmic logic in the Group's business operation information system and stored in the big data platform (together with the Group's business operation system, the “**Systems**”). This recognition is significant to our audit because the revenue in respect of provision of AR & VR marketing service of RMB487,375,000 for the year ended 31 December 2025 is material to the consolidated financial statements. In addition, the recognition is dependent on the effective design and operation of the Systems.

Our audit procedures included, among others:

- Testing general information technology controls over the Systems, including access security, system change control, data centre and network operation, and data transmission monitor control between the Group's Systems, with the assistance of information technology specialists;
- Understanding, evaluating and testing the key controls relevant to our audit in relation to the occurrence of revenue recognition in respect of provision of AR & VR marketing service, including controls over confirming the transaction volume, price and amounts with the customers by agreement on the monthly settlement records;
- Reconciling the recorded revenue transactions in the Group's financial records with the recalculated amounts of revenue to be recognised from all relevant data in the Group's business operation information system and testing the automated controls over the caption of activities from relevant external platforms to verify the transaction volume used in the calculation; and
- Inspecting, on a sample basis, the recorded revenue transactions by examining the contracts with customers and the monthly settlement records with customers to verify the amounts of revenue recognised.

We consider that the Group's revenue recognised in respect of provision of AR & VR marketing service is supported by the available evidence.

Impairment assessment of trade receivables

Refer to Note 21 to the consolidated financial statements.

The Group tested the amount of trade receivables for impairment. This impairment test is significant to our audit because the balance of trade receivables of RMB695,041,000 as at 31 December 2025 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Impairment assessment of trade receivables *(Continued)*

Our audit procedures included, among others:

- Obtaining an understanding and evaluation of the Group's credit policies and methodology for impairment assessment in relation to the application of expected credit loss ("ECL") model;
- Testing the completeness and accuracy of selection of input data used in the ECL model;
- Evaluating the reasonableness of the forward-looking adjustments made to reflect the current and forecast general economic condition against public available information; and
- Checking the adequacy of related disclosure in the consolidated financial statements.

We consider that the Group's impairment test of trade receivables is supported by the available evidence.

Recoverability of prepayments for purchases of advertising traffic

Refer to Note 22 to the consolidated financial statements.

The Group tested the amount of prepayments for purchases of advertising traffic for impairment. This impairment test is significant to our audit because the balance of prepayments for purchases of advertising traffic of RMB629,754,000 as at 31 December 2025 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Understanding the Group's key controls over the assessment of the valuation of prepayments for purchases of advertising traffic;
- Performing analytical procedures on balances of prepayments for purchases of advertising traffic, including roll-forward analysis;
- Inspecting underlying framework agreements with counterparties;
- Confirming the carrying amounts of prepayments for purchases of advertising traffic by confirmations, on a sample basis;
- Assessing counterparties by verifying actual bank payment records, analysing transaction patterns for unusual activities and performing targeted searches to identify potential undisclosed related parties;

KEY AUDIT MATTERS *(Continued)*

Recoverability of prepayments for purchases of advertising traffic *(Continued)*

- Testing subsequent utilisation of prepayments for purchases of advertising traffic by determining amounts used after the end of the reporting period and performing end-to-end tracing of transactions, on a sample basis, to verify that the consumed advertising traffic generated recoverable revenue, corroborated by monthly data statements; and
- Evaluating revenue model linkage by obtaining schedule from management showing advertising customer pipeline, performing sensitivity analysis on utilisation forecasts and analysing correlation between cost of revenue and actual revenue.

We consider that the Group's impairment test for prepayments for purchases of advertising traffic is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Audit Engagement Director

Practising Certificate Number P07374

Hong Kong, 25 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	7	783,904	995,347
Cost of revenue		(631,586)	(795,311)
Gross profit		152,318	200,036
Other income		131	597
Other gains, net	8	191	2,099
Distribution and selling expenses		(132,455)	(88,150)
Administrative expenses		(34,601)	(51,290)
Research and development expenses		(229,789)	(84,294)
Impairment losses of trade and other receivables		(117,465)	(17,433)
Finance costs	9	(3,903)	(6,411)
Loss before tax		(365,573)	(44,846)
Income tax (expense)/credit	10	(50)	1,143
Loss for the year	11	(365,623)	(43,703)
Other comprehensive expense after tax:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss of equity investments at fair value through other comprehensive income		(48,630)	(37,574)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(616)	(384)
Other comprehensive expense for the year, net of tax		(49,246)	(37,958)
Total comprehensive expense for the year		(414,869)	(81,661)
(Loss)/profit for the year attributable to:			
— Owners of the Company		(367,086)	(43,702)
— Non-controlling interests		1,463	(1)
		(365,623)	(43,703)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Total comprehensive (expense)/income for the year attributable to:			
— Owners of the Company		(416,332)	(81,660)
— Non-controlling interests		1,463	(1)
		(414,869)	(81,661)
		RMB	RMB (restated)
Loss per share			
— Basic and diluted	14	(3.43)	(0.48)

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Equipment	15	1,833	5,222
Right-of-use assets	16	4,666	1,963
Intangible assets	17	108,758	99,676
Equity investments at fair value through other comprehensive income	19	16,414	74,882
Investments at fair value through profit or loss		9,867	10,000
Deferred tax assets	20	10,512	10,512
		152,050	202,255
Current assets			
Trade receivables	21	695,041	641,885
Contract costs		781	1,157
Prepayments	22	635,011	755,418
Deposits and other receivables	23	25,425	4,698
Current tax assets		4,013	2,674
Bank and cash balances	24	62,020	162,422
		1,422,291	1,568,254
Current liabilities			
Trade and bills payables	25	263,465	190,821
Contract liabilities	26	7,316	29,059
Other payables and accruals	27	70,665	62,739
Borrowings	29	113,000	88,000
Lease liabilities	30	2,043	1,693
Current tax liabilities		411	1,195
		456,900	373,507
Net current assets		965,391	1,194,747
Total assets less current liabilities		1,117,441	1,397,002
Non-current liabilities			
Amount due to a controlling shareholder	28	6,790	14,000
Lease liabilities	30	2,046	—
		8,836	14,000
NET ASSETS		1,108,605	1,383,002

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital	31	185	128
Reserves	33	1,103,978	1,380,145
Equity attributable to owners of the Company		1,104,163	1,380,273
Non-controlling interests		4,442	2,729
TOTAL EQUITY		1,108,605	1,383,002

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 25 March 2026 and signed on its behalf by:

WANG Lei
Director

LI Yao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company												
	Share capital	Share premium	Treasury shares	Capital reserve	Other reserve	Translation reserve	Share-based payments reserve	FVTOCI reserve	Statutory reserve funds	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	128	521,249	(4,582)	174,174	34,520	(1,169)	10,036	(20,521)	53,760	681,907	1,449,502	2,730	1,452,232
Total comprehensive expense for the year	—	—	—	—	—	(384)	—	(37,574)	—	(43,702)	(81,660)	(1)	(81,661)
Repurchase of shares	—	—	(628)	—	—	—	—	—	—	—	(628)	—	(628)
Transaction costs attributable to repurchase of shares	—	—	(1)	—	—	—	—	—	—	—	(1)	—	(1)
Share-based payments	—	—	—	—	—	—	13,060	—	—	—	13,060	—	13,060
Forfeit of share options	—	—	—	—	—	—	(1,915)	—	—	1,915	—	—	—
Changes in equity for the year	—	—	(629)	—	—	(384)	11,145	(37,574)	—	(41,787)	(69,229)	(1)	(69,230)
At 31 December 2024 and 1 January 2025	128	521,249	(5,211)	174,174	34,520	(1,553)	21,181	(58,095)	53,760	640,120	1,380,273	2,729	1,383,002
Total comprehensive (expense)/ income for the year	—	—	—	—	—	(616)	—	(48,630)	—	(367,086)	(416,332)	1,463	(414,869)
Issue of shares	57	135,069	—	—	—	—	—	—	—	—	135,126	—	135,126
Cancellation of shares	—	(4,582)	4,582	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	5,096	—	—	—	5,096	—	5,096
Forfeit of share options	—	—	—	—	—	—	(8,209)	—	—	8,209	—	—	—
Capital injection from non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	—	250	250
Changes in equity for the year	57	130,487	4,582	—	—	(616)	(3,113)	(48,630)	—	(358,877)	(276,110)	1,713	(274,397)
At 31 December 2025	185	651,736	(629)	174,174	34,520	(2,169)	18,068	(106,725)	53,760	281,243	1,104,163	4,442	1,108,605

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(365,573)	(44,846)
Adjustments for:		
Finance costs	3,903	6,411
Interest revenue	(10)	(88)
Dividends from equity investments at fair value through other comprehensive income	—	(281)
Fair value changes on investments at fair value through profit or loss	133	—
Depreciation of equipment	3,922	3,984
Depreciation of right-of-use assets	4,127	5,161
Amortisation of intangible assets	56,371	33,872
Equity-settled share-based payments	5,096	13,060
Impairment losses of trade and other receivables	117,465	17,433
Loss on disposal of equipment	—	24
Loss on lease termination	—	29
Foreign exchange loss/(gain)	583	(910)
Operating (loss)/profit before changes in working capital	(173,983)	33,849
Change in trade and other receivables	(76,758)	(257,405)
Change in contract costs	376	(1,046)
Change in trade and other payables	74,931	103,057
Change in contract liabilities	(21,730)	15,945
Cash used in operating activities	(197,164)	(105,600)
Income tax paid	(2,076)	(12,002)
Net cash used in operating activities	(199,240)	(117,602)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in restricted bank deposits	—	120
Interest received	10	88
Dividends received from equity investments at fair value through other comprehensive income	—	281
Purchase of equipment	(533)	(663)
Purchase of intangible assets	(54,205)	(38,219)
Purchase of investments at fair value through profit or loss	—	(10,000)
Proceeds from disposal of equity investments at fair value through other comprehensive income	9,838	—
Proceeds from disposal of equipment	—	189
Net cash used in investing activities	(44,890)	(48,204)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025	2024
	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(110,000)	(117,000)
Borrowings raised	135,000	110,000
Repayment of lease liabilities	(4,434)	(4,853)
Interest paid	(3,903)	(6,411)
Advance from a controlling shareholder	10,900	14,000
Repayment to a controlling shareholder	(18,110)	—
Proceeds from issue of shares	135,126	—
Capital injection from non-controlling shareholder	250	—
Repurchase of shares	—	(628)
Transaction costs attributable to repurchase of shares	—	(1)
Net cash generated from/(used in) financing activities	144,829	(4,893)
Net decrease in cash and cash equivalents	(99,301)	(170,699)
Effect of foreign exchange rate changes	(1,101)	453
Cash and cash equivalents at 1 January	162,422	332,668
Cash and cash equivalents at 31 December represented by bank and cash balances	62,020	162,422

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Flowing Cloud Technology Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The addresses of its registered office and its principal place of business are 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands and Shop 8, Jingyuan Art Centre, Guangqulu No. 3, Chaoyang District, Beijing, the People’s Republic of China (“**PRC**”) respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 October 2022 (the “**Listing**”).

The Company is an investment holding company. The principal activities of the subsidiaries of the Company is provision of augmented reality and virtual reality (“**AR & VR**”) marketing services, augmented reality, virtual reality and artificial intelligence (“**AR, VR & AI**”) content, platform services, live promotion services, integrated marketing services and relevant services, which is also set out in note 18 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 December 2025, Brainstorming Cafe Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the immediate parent.

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

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

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

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

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS *(Continued)*

Contractual Arrangements

The Group conducts its business through Beijing Ophyer Technology Shares Co., Limited (“**Ophyer Technology**”) and its subsidiaries, which were established in the PRC (collectively, the “**Consolidated Affiliated Entities**”) in the PRC due to regulatory restrictions on foreign ownership in the Internet cultural business industry in the PRC. Ophyer Technology was owned by Mr. WANG Lei and Mr. LI Yanhao and other shareholders (collectively referred to as “**Ophyer Shareholders**”). Beijing Flowing Cloud Technology Co., Limited, a wholly-owned subsidiary of the Company established in the PRC (“**Beijing Flowing Cloud**”), entered into contractual arrangements with Ophyer Technology and Ophyer Shareholders on 16 December 2021, and Beijing Flowing Cloud entered into contractual arrangements with the Consolidated Affiliated Entities on 6 May 2022 (collectively referred to as the “**Contractual Arrangements**”). Pursuant to the Contractual Arrangements, Beijing Flowing Cloud is able to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders’ voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Beijing Flowing Cloud;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Beijing Flowing Cloud may exercise such options at any time until it has acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, pledge or dispose of any assets, or make any distributions to their equity holders without prior consent of Beijing Flowing Cloud; and
- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders as collateral security for payments of the Consolidated Affiliated Entities due to Beijing Flowing Cloud and to secure performance of the Consolidated Affiliated Entities’ obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities, has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The assets, liabilities, revenue, income and expenses of the Consolidated Affiliated Entities have been included in the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by investments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Foreign currency

In preparing the financial statements of individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (Continued)

Equipment

Equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful life of furniture, fixtures and equipment is 3 years.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal useful lives of office buildings are 2 to 3 years.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below United States dollars ("US\$") 5,000.

Employee benefits

The employees of the Group are members of a state-managed retirement benefits scheme operated by the government of the PRC. The Group is required to contribute a specific percentage of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payment

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives of 3 to 5 years. The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Investments designated at fair value through profit or loss

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets at amortised cost (including trade receivables, deposits and other receivables, restricted bank deposits and bank and cash balances), which are subject to impairment assessment under IFRS 9 Financial Instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration the Group's internal credit ratings and relevant credit information such as forward looking macroeconomic information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(v) **Measurement and recognition of ECL** *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the "other gains, net" line item as part of foreign exchange (loss)/gain;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the FVTOCI reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(Continued)*

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Consolidation of affiliated entities

The Group obtained control of the Consolidated Affiliated Entities by entering into the Contractual Arrangements as mentioned in note 2 to the consolidated financial statements. Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The directors of the Company, based on the advice of its legal adviser, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and are legally enforceable. Therefore, the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and accordingly, the Group has consolidated the Consolidated Affiliated Entities.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables

The Group recognises lifetime ECL for trade receivables, using collective assessment based on the Group's internal credit ratings except that those with significant doubt on collection of receivables or credit-impaired which are assessed individually. The debtors with significant doubt on collection of receivables or credit-impaired are assessed individually by reference to ageing, past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position. For trade receivables assessed collectively, the estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. At the end of the reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. Details of the ECL on the Group's trade receivables are disclosed in note 5(c) to the consolidated financial statements.

Impairment of prepayments for purchases of advertising traffic

The Group makes prepayments to various suppliers for the purchases of advertising traffic. The Group carried out the review on the prepayments at the end of the reporting period and assessed the recoverability of the prepayments based on the suppliers' current financial position, historical transaction records with the Group, the ageing profile of the prepayments, subsequent utilisation or settlements of prepayments for purchases of advertising traffic.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group's equity investments at fair value through other comprehensive income are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors of the Group manage this exposure by maintaining a portfolio of investments with different risk profiles.

As at 31 December 2025, if the fair value of equity investments at fair value through other comprehensive income increase/decrease by 5 per cent ("**%**"), FVTOCI reserve would have been RMB821,000 (2024: RMB3,744,000) higher/lower, arising as a result of the fair value gain/loss of the equity investments at fair value through other comprehensive income.

(c) Credit risk

The carrying amount of trade receivables, deposits and other receivables, and bank and cash balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has concentration of credit risk as 8.58% (2024: 6.66%) of trade receivables were due from the Group's largest debtor and 24.56% (2024: 26.99%) of trade receivables were due from the Group's five largest debtors.

The Group mainly conducted transactions with customers with good quality and long term relationship, when accepting new customers, the Group considers the reputation of the customer before contract is signed. In order to minimise the credit risk, the management of the Group continuously monitors the credit quality and financial conditions of the debtors to ensure that follow-up action is taken to recover overdue debts.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

The Group reassesses lifetime ECL for trade receivables arising from contracts with customers to ensure that adequate impairment losses are made. The ECL on these assets are individually assessed for debtors with significant doubt on collection of receivables or credit-impaired and collectively assessed based on internal credit ratings for the remaining balances. As part of the Group's credit risk management, the Group uses internal credit ratings to assess with the impairment for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping and assessment are regularly reviewed by management to ensure relevant information about specific debtors is updated.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for receivables for debtors with significant doubt on collection of receivables or credit-impaired, the Group determines the expected credit losses on these items grouped by internal credit ratings.

The Group's internal credit risk grading assessment for trade receivables comprises the following categories:

- Low risk (Lifetime ECL — not credit-impaired): The counterparty has a low risk of default and does not have material past-due amounts.
- Watch list (Lifetime ECL — not credit-impaired): Debtors repays after due dates but usually settle in full without negative external information.
- Doubtful (Lifetime ECL — not credit-impaired): There is significant doubt on collection of receivables through information developed internally or external resources.
- Credit-impaired (Lifetime ECL — credit-impaired): There is evidence indicating the asset is credit-impaired.
- Write-off (Amount is written off): There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

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For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

The following table provides information about the exposure to credit risk for trade receivables which are based on internal credit ratings within lifetime ECL.

	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
At 31 December 2025			
Trade receivables			
— Low risk	3.46%	398,852	13,799
— Watch list	7.52%	254,578	19,148
— Doubtful	37.57%	119,434	44,876
— Credit-impaired	100.00%	96,904	96,904
		869,768	174,727
At 31 December 2024			
Trade receivables			
— Low risk	1.88%	138,838	2,604
— Watch list	5.34%	330,314	17,633
— Doubtful	15.00%	227,023	34,053
— Credit-impaired	100.00%	4,392	4,392
		700,567	58,682

5. FINANCIAL RISK MANAGEMENT *(Continued)***(c) Credit risk** *(Continued)*

The following table shows the movements in lifetime ECL that have been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	37,034	4,192	41,226
Increase in loss allowance for the year	17,433	—	17,433
Transfer	(200)	200	—
Exchange differences	23	—	23
At 31 December 2024 and 1 January 2025	54,290	4,392	58,682
Increase in loss allowance for the year	33,739	82,306	116,045
Transfer	(10,206)	10,206	—
At 31 December 2025	77,823	96,904	174,727

For deposits and other receivables, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.

The following table provides information about the exposure to credit risk for deposits and other receivables which are subject to ECL assessment.

	Average loss rate 2025	Gross carrying amount 2025 RMB'000	Average loss rate 2024	Gross carrying amount 2024 RMB'000
Deposits and other receivables	25.06%	5,903	2.59%	2,281

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

The following table shows the reconciliation of loss allowance that has been recognised for deposits and other receivables.

	12m ECL RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	59
Increase in loss allowance	1,420
At 31 December 2025	1,479

The credit risk on bank and cash balances are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000
At 31 December 2025		
Trade and bills payables	263,465	—
Other payables and accruals	11,455	—
Amount due to a controlling shareholder	—	6,790
Borrowings	114,336	—
Lease liabilities	2,373	2,396
	391,629	9,186
At 31 December 2024		
Trade and bills payables	190,821	—
Other payables and accruals	7,649	—
Amount due to a controlling shareholder	—	14,000
Borrowings	88,862	—
Lease liabilities	1,704	—
	289,036	14,000

5. FINANCIAL RISK MANAGEMENT *(Continued)***(e) Interest rate risk**

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

(f) Categories of financial instruments at 31 December

	2025	2024
	RMB'000	RMB'000
Financial assets:		
Equity investments at fair value through other comprehensive income	16,414	74,882
Investments at fair value through profit or loss — Designated as such upon initial recognition	9,867	10,000
Financial assets at amortised cost (including cash and cash equivalents)	761,485	806,529
Financial liabilities:		
Financial liabilities at amortised cost	398,799	302,163

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy at 31 December 2025:

Description	Fair value measurements using:		Total RMB'000
	Level 1 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:			
At 31 December 2025			
Equity investments at fair value through other comprehensive income			
— Equity securities listed in Hong Kong	16,414	—	16,414
Investments at fair value through profit or loss			
— Private equity funds	—	9,867	9,867
Total recurring fair value measurements	16,414	9,867	26,281
At 31 December 2024			
Equity investments at fair value through other comprehensive income			
— Equity securities listed in Hong Kong	74,882	—	74,882
Investments at fair value through profit or loss			
— Private equity funds	—	10,000	10,000
Total recurring fair value measurements	74,882	10,000	84,882

(b) Reconciliation of assets measured at fair value based on level 3:

	2025 RMB'000	2024 RMB'000
Investments at fair value through profit or loss		
At 1 January	10,000	—
Total gains or losses recognised in profit or loss (#)	(133)	—
Additions	—	10,000
At 31 December	9,867	10,000
(#) Include gains or losses for assets held at the end of the reporting period	(133)	—

The total gains or losses recognised in profit or loss including those for assets held at the end of the reporting period are presented in other gains, net in the consolidated statement of profit or loss and other comprehensive income.

6. FAIR VALUE MEASUREMENTS *(Continued)*

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2025:

The Group's investment manager is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Investment manager reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between investment manager and the board of directors at least twice a year.

For level 3 fair value measurements, the finance department of the Group manages the valuation exercise of level 3 financial instruments for financial reporting purposes. The finance department of the Group manages the valuation exercise of the investments on a case-by-case basis. At least twice every year, the finance department of the Group would use valuation techniques to determine the fair value of the Group's level 3 financial instruments.

Level 3 fair value measurement

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs
Private equity funds	Share of net assets (2024: Latest transaction price)	N/A	N/A	N/A

Valuation technique was changed from latest transaction price to share of net assets as the transaction price was arrived for more than a year ago and no longer serves as the most appropriate basis for the recent valuation. Share of net assets is more appropriate as the Group focuses more on net asset value of the funds.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers:

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

AR & VR marketing service

The Group develops AR & VR interactive content to provide service solutions to customers including the design and placement of advertisements based on such AR & VR content. The Group provides customers with one-stop AR & VR marketing services, including formulating AR & VR service plans, designing AR & VR interactive content, distributing AR & VR interactive content, and collecting, monitoring and optimising marketing data and feedback, in order to realise the customers' targets such as enhancing brand exposure and improving brand awareness.

The Group recognises revenue at a point in time when specific services are provided based on the results of the placement of services in relevant platforms which are confirmed with the customers monthly.

AR, VR & AI content

Utilising the self-developed AR, VR & AI development engines, delivery of AR, VR & AI content offers customised content according to the needs of customers. The Group provides AR, VR & AI content to customers and bring the end users diversified and immersive experiences in a virtual world.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

AR, VR & AI content *(Continued)*

Revenue is recognised at a point in time when control over the customised content has been transferred to the customer.

Platform services

The Group offers two main types of platform services for telecommunication operators (“**Telecom Operators**”): (i) data processing gateway services; and (ii) product promotion services.

Data processing gateway services include an API gateway that enables telecommunication between Telecom Operators and end users. This gateway prioritises the security of communications and the privacy of personal information. Revenue is recognised at a point in time when control over the customised product has been transferred to the customer.

The Group also offers product promotion services to Telecom Operators. Telecom Operators allocate promotion tasks for relevant products to the Group, and the Group is responsible for creating promotional pages and reporting to Telecom Operators for record-keeping. The Group conducts advertising, promotion and information services across various social media platforms. Revenue is derived from the cooperation commission paid by Telecom Operators for successful user subscriptions generated through promotional pages created by the Group. Revenue is recognised at a point in time when the customised product is delivered to the end customer or end user is successfully subscribed.

Live promotion services

The Group promotes client products on mainstream live-streaming platforms. This business operates by agreeing with the client on the products to be promoted, the platforms to be used, and the duration of the live stream for promotion. Revenue is recognised at a point in time once the agreed-upon minimum live-streaming duration is met.

Integrated marketing services

The Group provides service solutions to customers including placement of dynamic advertisements on certain social media platforms such as Douyin.

Revenue is recognised at a point in time when specific services are provided based on the results of the placement of services in social media platforms which are confirmed with the social media platforms monthly.

AR & VR SaaS services

Leveraging the experiences the Group accumulated in provision of AR & VR marketing service and delivery of AR & VR content, the Group provides standardised solutions on the AR & VR SaaS platform. The AR & VR SaaS platform enables customers to generate, publish and utilise AR & VR content.

The Group charges customers for developing customised SaaS content. Revenue from developing customised content is recognised at a point in time when control over the customised content has been transferred to the customer.

Other SaaS services are provided on a subscription basis, and a monthly or annual subscription fee is charged to customers. Revenue generated from subscription fees is recognised over the subscription period on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. REVENUE AND SEGMENT INFORMATION (Continued)

Others

The Group generates revenues primarily from technical services and short drama operation. The Group recognises revenue at a point in time when specific services are provided or the customised product is delivered to the customer.

Segment information

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

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

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

Information about major customer

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

8. OTHER GAINS, NET

	2025 RMB'000	2024 RMB'000
Foreign exchange (loss)/gain	(583)	910
Fair value changes on investments at fair value through profit or loss	(133)	—
Loss on disposal of equipment	—	(24)
Loss on lease termination	—	(29)
Others	907	1,242
	191	2,099

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For the year ended 31 December 2025

9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on:		
— Borrowings	3,788	6,361
— Lease liabilities	115	50
	3,903	6,411

10. INCOME TAX EXPENSE/(CREDIT)

	2025 RMB'000	2024 RMB'000
Current tax		
— PRC Enterprise Income Tax	—	658
— Hong Kong	50	74
— Under provision in prior years	—	225
Total current tax	50	957
Deferred tax (Note 20)	—	(2,100)
	50	(1,143)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC group entities is 25% (2024: 25%) for the year ended 31 December 2025.

Certain subsidiaries incorporated in PRC have been approved as small low-profit enterprises. These subsidiaries are subject to a preferential income tax rate of 5% (2024: 5%) for the year ended 31 December 2025.

Beijing Flowing Cloud obtained the Software Enterprise Qualification during the year ended 31 December 2022 and fulfilled the requirements for applying tax incentives for software enterprises for the years ended 31 December 2025 and 2024. Therefore, Beijing Flowing Cloud was entitled 50% tax reduction for the years ended 31 December 2025 and 2024.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollars (“HK\$”) 2,000,000 of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

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10. INCOME TAX EXPENSE/(CREDIT) (Continued)

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by PRC Enterprise Income Tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(365,573)	(44,846)
Tax at PRC Enterprise Income Tax rate of 25% (2024: 25%)	(91,393)	(11,212)
Tax effect of expenses that are not deductible	22,244	3,866
Effect of research and development expenses that are additionally deducted	(44,469)	(13,819)
Effect of different tax rate of subsidiaries	45,302	8,375
Tax effect of deductible temporary difference and tax losses not recognised	68,366	11,422
Under provision in prior years	—	225
Income tax expense/(credit)	50	(1,143)

11. LOSS FOR THE YEAR

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

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

The Group had no forfeited contributions which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available which may be used by the Group to reduce the contribution payable in future years.

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12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The emoluments of each director and chief executive, disclosed pursuant to the applicable Listing Rules, were as follows:

	Notes	Fee RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Equity- settled share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2025							
Executive directors:							
		—	933	298	416	79	1,726
		—	563	242	416	70	1,291
		—	512	209	416	70	1,207
Independent non-executive directors:							
	(i)	12	—	—	—	—	12
	(ii)	60	—	—	—	—	60
		72	—	—	—	—	72
	(iii)	30	—	—	—	—	30
	(iv)	42	—	—	—	—	42
		216	2,008	749	1,248	219	4,440
Year ended 31 December 2024							
Executive directors:							
		—	798	228	644	68	1,738
	(v)	—	483	96	644	68	1,291
		—	510	285	644	68	1,507
		—	511	212	644	68	1,435
Independent non-executive directors:							
	(i)	72	—	—	—	—	72
		72	—	—	—	—	72
	(iii)	72	—	—	—	—	72
		216	2,302	821	2,576	272	6,187

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12. DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS *(Continued)*

The emoluments of each director and chief executive, disclosed pursuant to the applicable Listing Rules, were as follows: *(Continued)*

Notes:

- (i) Resigned as independent non-executive director on 3 March 2025.
- (ii) Appointed as independent non-executive director on 3 March 2025 and resigned as independent non-executive director on 9 February 2026.
- (iii) Resigned as independent non-executive director on 3 June 2025.
- (iv) Appointed as independent non-executive director on 3 June 2025.
- (v) Resigned as executive director on 3 November 2024.

There was no (2024: no) arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2025.

The five highest paid employees of the Group during the year included 3 (2024: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 2 (2024: 3) individuals are set out below:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	876	917
Discretionary bonus	359	310
Equity-settled share-based payments	2,969	9,675
Retirement benefits scheme contributions	97	142
	4,301	11,044

The emoluments fell within the following band:

	Number of individuals	
HK\$2,000,001 to HK\$2,500,000	2	—
HK\$3,000,001 to HK\$3,500,000	—	1
HK\$3,500,001 to HK\$4,000,000	—	1
HK\$5,000,001 to HK\$5,500,000	—	1

During the year ended 31 December 2025, no (2024: no) emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 December 2025

13. DIVIDEND

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

14. LOSS PER SHARE

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. EQUIPMENT

	Furniture, fixtures and equipment RMB'000
Cost	
At 1 January 2024	13,585
Additions	663
Disposals	(273)
At 31 December 2024 and 1 January 2025	13,975
Additions	533
At 31 December 2025	14,508
Accumulated depreciation	
At 1 January 2024	4,829
Charge for the year	3,984
Disposals	(60)
At 31 December 2024 and 1 January 2025	8,753
Charge for the year	3,922
At 31 December 2025	12,675
Carrying amount	
At 31 December 2025	1,833
At 31 December 2024	5,222

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For the year ended 31 December 2025

16. LEASES AND RIGHT-OF-USE ASSETS

	Office buildings	
	RMB'000	
Cost		
At 1 January 2024		13,827
Additions		3,639
Early termination		(844)
Expiry		(8,280)
At 31 December 2024 and 1 January 2025		8,342
Additions		6,830
Expiry		(6,565)
At 31 December 2025		8,607
Accumulated depreciation		
At 1 January 2024		9,825
Charge for the year		5,161
Early termination		(327)
Expiry		(8,280)
At 31 December 2024 and 1 January 2025		6,379
Charge for the year		4,127
Expiry		(6,565)
At 31 December 2025		3,941
Carrying amount		
At 31 December 2025		4,666
At 31 December 2024		1,963
	2025	2024
	RMB'000	RMB'000
Expenses related to short-term leases	1,135	309
Total cash outflow for leases	5,684	5,212

The Group does not have the option to purchase the leased properties at the end of the lease term. The lease contracts do not impose any covenants, but the leased assets may not be used as security for borrowing purposes.

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For the year ended 31 December 2025

17. INTANGIBLE ASSETS

	Software RMB'000	Intellectual property RMB'000 (Note)	Total RMB'000
Cost			
At 1 January 2024	55,712	81,337	137,049
Additions	28,301	10,028	38,329
Exchange differences	317	—	317
At 31 December 2024 and 1 January 2025	84,330	91,365	175,695
Additions	62,170	3,501	65,671
Exchange differences	(478)	—	(478)
At 31 December 2025	146,022	94,866	240,888
Accumulated amortisation			
At 1 January 2024	11,142	30,912	42,054
Charge for the year	17,519	16,353	33,872
Exchange differences	93	—	93
At 31 December 2024 and 1 January 2025	28,754	47,265	76,019
Charge for the year	35,833	20,538	56,371
Exchange differences	(260)	—	(260)
At 31 December 2025	64,327	67,803	132,130
Carrying amount			
At 31 December 2025	81,695	27,063	108,758
At 31 December 2024	55,576	44,100	99,676

Note: Intellectual properties refer to the Group's adaptation right for production of AR & VR SaaS pattern plates, AR, VR & AI content and games which are based on certain fictions, animation images and games acquired from the owners of these intellectual properties.

All intangible assets were acquired from independent third parties and have finite useful lives or authorisation periods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up/registered capital	Percentage of ownership interest/voting power/profit sharing	Principal activities
Directly held:				
FTYD Limited	BVI	US\$50,000	100% (2024: 100%)	Investment holding
Indirectly held:				
Flowing Cloud Technology (HK) Limited	Hong Kong	HK\$550,000,000	100% (2024: 100%)	AR & VR marketing services
Anji Flowing Cloud Technology Co., Limited (Notes (i) and (ii))	PRC	RMB200,000,000	100% (2024: 100%)	AR & VR marketing services, and AR, VR & AI content
Beijing Flowing Cloud Technology Co., Limited (Note (i))	PRC	RMB200,000,000	100% (2024: 100%)	AR, VR & AI content, communication platform services and others
Beijing Flowing Cloud Digital Technology Co., Limited (Note (i))	PRC	RMB50,000,000	100% (2024: 100%)	Communication platform services and others
Nanjing Flowing Cloud Digital Technology Co., Limited (Note (i))	PRC	RMB20,000,000	100% (2024: 100%)	Not yet commence business
Shanghai Flowing Cloud Digital Technology Co., Limited (Note (i))	PRC	RMB1,000,000	100% (2024: 100%)	Not yet commence business
Anji Yundong Future Vocational Skills Training School Co, Limited (Note (i))	PRC	RMB2,000,000	100% (2024: 100%)	Not yet commence business

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. SUBSIDIARIES (Continued)

Particulars of the subsidiaries are as follows: (Continued)

Name	Place of incorporation/ registration and operation	Registered/issued and paid up capital	Percentage of ownership interest/voting power/profit sharing	Principal activities
Consolidated Affiliated Entities:				
Beijing Ophyer Technology Shares Co., Limited (Note (i))	PRC	RMB11,572,845	100% (2024: 100%)	AR & VR marketing services, AR, VR & AI content, communication platform services and others
Beijing Hupo Jinyuan Media Co., Limited (Note (i))	PRC	RMB10,000,000	100% (2024: 100%)	AR & VR content, and promotion services
Zhongrunxing (Beijing) Culture Media Co., Limited (Note (i))	PRC	RMB3,250,000	81% (2024: 100%)	Promotion services
Beijing Xingshi Hudong Media Technology Co., Limited (Note (i))	PRC	RMB10,000,000	70% (2024: 70%)	Text message services
Shenzhen Huachuang Yunjing Technology Co., Limited (Note (i))	PRC	RMB40,000,000	100% (2024: 100%)	Short drama operation
Hainan Lingshui Feitian Yundong Limited Partnership (Note (i))	PRC	RMB20,000,000	51% (2024: 51%)	Live promotion services
Zhongrunxing (Hainan Lingshui) Culture Media Co., Limited (Note (i))	PRC	RMB1,000,000	81% (2024: 100%)	Live promotion services
Hangzhou Zhongrunxing Information Technology Co., Limited (Note (i))	PRC	RMB3,375,000	87.5% (2024: NA)	Not yet commence business
Beijing Flowing Cloud Information Technology Co., Limited (Note (i))	PRC	RMB22,000,000	100% (2024: NA)	Not yet commence business
Beijing Feijie Xingyun Information Technology Co., Limited (Note (i))	PRC	RMB40,000,000	100% (2024: NA)	Not yet commence business
Flowing Cloud (HK) Digital Technology Co., Limited	Hong Kong	HK\$10,000	100% (2024: 100%)	Not yet commence business

Notes:

- (i) The English name of the subsidiaries of the Company referred herein represent the management's best efforts in translating the Chinese name of this company as no English name has been registered.
- (ii) Anji Flowing Cloud Technology Co., Limited is wholly-owned foreign enterprise established in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity securities listed in Hong Kong	16,414	74,882

The above investments are held for long-term strategic purposes. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

20. DEFERRED TAX

The following are the major deferred tax assets recognised by the Group.

	ECL provisions RMB'000
At 1 January 2024	8,412
Credit to profit or loss	2,100
At 31 December 2024, 1 January 2025 and 31 December 2025	10,512

At the end of the reporting period, the Group has unused tax losses of RMB427,432,000 (2024: RMB86,048,000) available for offset against future profits. No deferred tax assets has been recognised in respect of such losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire in 2026 to 2030 (2024: 2025 to 2029).

21. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	869,768	700,567
Less: provision for loss allowance	(174,727)	(58,682)
Carrying amount	695,041	641,885

The credit terms range from 3 to 6 months. Ageing analysis of trade receivables, based on billing date, and net of provision for loss allowance is as follows:

Within 6 months	323,886	282,108
Over 6 months but within 1 year	187,736	220,084
Over 1 year but within 2 years	163,774	139,693
Over 2 years	19,645	—
	695,041	641,885

Details of impairment assessment of trade receivables are set out in note 5(c) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. PREPAYMENTS

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

23. DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Other receivables	4,695	813
Less: provision for loss allowance	(1,479)	(59)
	3,216	754
Rental and other deposits	1,208	1,468
Other tax recoverable	21,001	2,476
	25,425	4,698

Details of impairment assessment of deposits and other receivables are set out in note 5(c) to the consolidated financial statements.

24. BANK AND CASH BALANCES

As at 31 December 2025, the bank and cash balances of the Group denominated in RMB amounted to RMB52,998,000 (2024: RMB160,686,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

25. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	263,465	170,821
Bills payables	—	20,000
	263,465	190,821
Ageing analysis of trade payables, based on date of billing documents, is as follows:		
Within 6 months	187,536	100,448
Over 6 months but within 1 year	42,746	28,834
Over 1 year but within 2 years	5,345	22,887
Over 2 years but within 3 years	9,425	894
Over 3 years	18,413	17,758
	263,465	170,821

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Delivery of AR, VR & AI content	6,081	7,974
Provision of AR & VR marketing service	1,109	—
Provision of AR & VR SaaS service	7	7
Provision of integrated marketing services	3	18,237
Others	116	2,841
Total contract liabilities	7,316	29,059
Contract receivables (included in trade receivables)	695,041	641,885

As at 1 January 2024, contract liabilities and contract receivables (included in trade receivables) amounted to RMB13,061,000 and RMB561,514,000 respectively.

Transaction prices allocated to performance obligations unsatisfied at the end of the reporting period and expected to be recognised as revenue in the year ending 31 December:		
— 2026	7,316	—
— 2025	N/A	29,059
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	29,059	13,061

During the year ended 31 December 2025, there was no (2024: no) revenue recognised from perform obligations that were satisfied in prior years.

Significant changes in contract liabilities during the year:		
Increase due to operations	7,316	29,059
Transfer of contract liabilities to revenue	(29,059)	(13,061)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Employee compensation payable	4,340	5,001
Other tax payables	59,210	55,090
Others	7,115	2,648
	70,665	62,739

28. AMOUNT DUE TO A CONTROLLING SHAREHOLDER

The amount is unsecured, interest-free and repayable on 31 December 2027.

29. BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings	113,000	73,000
Other borrowings	—	15,000
	113,000	88,000

Borrowings are unsecured and repayable within one year.

The range of interest rates as at 31 December 2025 were 2.40%–5.80% (2024: 0.00%–5.80%) per annum (“p.a.”).

As at 31 December 2025, borrowings amounted to nil (2024: RMB15,000,000) were guaranteed by third-party financial guarantee companies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. LEASE LIABILITIES

	Lease payments	
	2025 RMB'000	2024 RMB'000
Within one year	2,373	1,704
Over one year but within two years	2,396	—
	4,769	1,704
Less: Future finance charge	(680)	(11)
Present value of lease liabilities	4,089	1,693
Analysed as:		
— Current	2,043	1,693
— Non-current	2,046	—
	4,089	1,693

As at 31 December 2025, the weighted average incremental borrowing rates is 3.35% (2024: 4.60%) p.a.. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

31. SHARE CAPITAL

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. SHARE CAPITAL (Continued)

Notes:

- (a) On 5 December 2025, every 20 ordinary shares of US\$0.00001 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of US\$0.00020 each in the issued and unissued share capital of the Company.
- (b) On 19 May 2025, the Company issued 361,000,000 ordinary new shares at a subscription price of HK\$0.201 per share for a total cash consideration of HK\$71,620,000 (equivalent to RMB66,862,000), after deducting share issue expenses of RMB674,000.
- (c) On 30 September 2025, the Company issued 433,429,200 ordinary new shares at a subscription price of HK\$0.174 per share for a total cash consideration of HK\$74,531,000 (equivalent to RMB68,264,000), after deducting share issue expenses of RMB690,000.

The Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares '000	Price per share		Aggregated consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
November 2023	1,104	1.90	1.78	2,033
December 2023	1,568	1.94	1.89	2,993
June 2024	1,182	0.62	0.52	689

As at 31 December 2025, 1,182,000 (2024: 3,854,000) repurchased shares were not cancelled and were recognised in treasury shares, remaining 2,672,000 (2024: nil) repurchased shares were cancelled during the year ended 31 December 2025.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities and borrowings, net of bank and cash balances and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through raising of new capital, share repurchase, issue of new debt or repayment of existing debts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	414,369	347,265
Equity investments at fair value through other comprehensive income	16,414	74,882
	430,783	422,147
Current assets		
Deposits and other receivables	713	681
Amounts due from subsidiaries	130,490	52,103
Bank and cash balances	143	206
	131,346	52,990
Current liabilities		
Other payables and accruals	10,021	8,626
Net current assets	121,325	44,364
NET ASSETS	552,108	466,511
Capital and reserves		
Share capital	185	128
Reserves	551,923	466,383
TOTAL EQUITY	552,108	466,511

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

(b) The Company

	Share premium RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Share-based payments reserve RMB'000	FVTOCI reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	521,249	(4,582)	27,480	2,448	10,036	(20,521)	(42,924)	493,186
Total comprehensive expense for the year	—	—	—	—	—	(37,574)	(1,660)	(39,234)
Repurchase of shares	—	(628)	—	—	—	—	—	(628)
Transaction costs attributable to repurchase of shares	—	(1)	—	—	—	—	—	(1)
Share-based payments	—	—	—	—	13,060	—	—	13,060
Forfeit of share options	—	—	—	—	(1,915)	—	1,915	—
At 31 December 2024 and 1 January 2025	521,249	(5,211)	27,480	2,448	21,181	(58,095)	(42,669)	466,383
Total comprehensive expense for the year	—	—	—	—	—	(48,630)	(5,995)	(54,625)
Issue of shares	135,069	—	—	—	—	—	—	135,069
Cancellation of shares	(4,582)	4,582	—	—	—	—	—	—
Share-based payments	—	—	—	—	5,096	—	—	5,096
Forfeit of share options	—	—	—	—	(8,209)	—	8,209	—
At 31 December 2025	651,736	(629)	27,480	2,448	18,068	(106,725)	(40,455)	551,923

(c) Nature and purpose of reserves

Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

33. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

Capital reserve

Capital reserve represents capital reserve of Ophyer Technology and amount recognised upon the termination of the preferred rights of shares of Ophyer Technology and conversion of preferred shares of the Company before the Listing.

Other reserve

Other reserve mainly represented the adjustments arising from the modification, and subsequent termination of preferred rights of shares of Ophyer Technology before the Listing, and adjustment arising from the reorganisation of the Group.

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies in note 3 to the consolidated financial statements.

Share-based payments reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

FVTOCI reserve

FVTOCI reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3 to the consolidated financial statements.

Statutory reserve funds

Pursuant to the relevant PRC rules and regulations, the Company's subsidiaries (including Consolidated Affiliated Entities) established in the PRC are required to transfer no less than 10% of its profits after taxation, after offsetting any prior years' loss as determined under the Company Law of the PRC, to the statutory reserve funds until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders of these PRC subsidiaries (including Consolidated Affiliated Entities).

34. SHARE-BASED PAYMENTS

A share option scheme was adopted pursuant to a resolution passed on 8 September 2022 for the primary purpose of providing incentives to the directors and eligible employees of the Group. On 14 July 2023, the Company granted a total of 72,497,000 share options to eligible grantees, subject to acceptance of the grantees, to subscribe for a total of 72,497,000 ordinary shares of the Company of US\$0.00001 each under the Scheme.

Notes to the Consolidated Financial Statements

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34. SHARE-BASED PAYMENTS (Continued)

The options shall lapse at the expiry of five years from the date of grant (the “**Expected Life**”). The options shall be vested in three tranches: (a) 30% shall be vested on the first anniversary of the date of grant and be exercisable at any time during the period from the first anniversary of the date of grant to the end of the Expected Life (“**Tranch A**”); (b) 30% shall be vested on the second anniversary of the date of grant and be exercisable at any time during the period from the second anniversary of the date of grant to the end of the Expected Life (“**Tranch B**”); and (c) 40% shall be vested on the third anniversary of the date of grant and be exercisable at any time during the period from the third anniversary of the date of grant to the end of the Expected Life (“**Tranch C**”).

Exercise price of the options granted is HK\$1.78 per share, which was determined by the directors of the Company, being the higher of (i) the closing price of HK\$1.78 per share as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of HK\$1.734 per share as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share, which is US\$0.00001.

Details of specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period
Tranch A	14 July 2023	14 July 2023–13 July 2024	14 July 2024–13 July 2028
Tranch B	14 July 2023	14 July 2023–13 July 2025	14 July 2025–13 July 2028
Tranch C	14 July 2023	14 July 2023–13 July 2026	14 July 2026–13 July 2028

The following table discloses movement of the share options outstanding during the year:

	Number of share options	
	2025 '000	2024 '000
Outstanding at the beginning of the year	47,227	61,665
Forfeited	(17,644)	(14,438)
Share consolidation (Note)	(28,111)	—
Outstanding at the end of the year	1,472	47,227
Exercisable at the end of the year	883	14,168

Note: Share consolidation is completed on 5 December 2025, details please refer to note 31 to the consolidated financial statements.

The estimated fair value of the options granted on 14 July 2023 are from HK\$0.69 to HK\$0.91.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SHARE-BASED PAYMENTS (Continued)

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

Exercise price	HK\$1.78
Expected volatility	54.64%
Expected life	5 years
Risk-free rate	3.43%
Expected dividend yield	0.00%

Expected volatility was determined by using the historical share price movement of the comparable listed companies over the period close to the Expected Life.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

35. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Amount due to a controlling shareholder RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total liabilities from financing activities RMB'000
At 1 January 2024	—	95,000	3,395	98,395
Changes in cash flows	14,000	(13,361)	(4,903)	(4,264)
Non-cash changes				
— Additions	—	—	3,639	3,639
— Early termination	—	—	(488)	(488)
— Interest charged	—	6,361	50	6,411
At 31 December 2024 and 1 January 2025	14,000	88,000	1,693	103,693
Changes in cash flows	(7,210)	21,212	(4,549)	9,453
Non-cash changes				
— Additions	—	—	6,830	6,830
— Interest charged	—	3,788	115	3,903
At 31 December 2025	6,790	113,000	4,089	123,879

36. CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	2025	2024
	RMB'000	RMB'000
Salaries and other benefits	3,624	4,609
Discretionary bonus	1,473	2,079
Equity-settled share-based payments	2,991	9,593
Retirement benefits scheme contributions	455	602
	8,543	16,883

38. COMPARATIVE FIGURES

A comparative figure has been reclassified to conform to the current period's presentation. The change included the reclassification of the private equity fund investment previously designated at equity investments at fair value through other comprehensive income to investments at fair value through profit or loss. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 25 March 2026.

Definitions



“advertising customer(s)”	advertising customers include advertisers and their agents
“AGM”	the annual general meeting of the Company
“AI”	artificial intelligence
“AIGC”	AI generated content
“Anji Flowing Cloud”	Anji Flowing Cloud Technology Co., Ltd.* (安吉飛天雲動科技有限公司), a limited company established under the laws of the PRC on October 31, 2022 and an indirect wholly-owned subsidiary of the Company
“AR”	augmented reality, an interactive experience of a real-world environment where the objects that reside in the real world are enhanced by computer-generated perceptual information
“Articles of Association”	the amended and restated articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“B-end”	business-end
“Beijing Flowing Cloud”	Beijing Flowing Cloud Technology Co., Ltd.* (北京飛天雲動科技有限公司), a limited company established under the laws of the PRC on November 17, 2021 and an indirect wholly-owned subsidiary of the Company
“Beijing Xingshi”	Beijing Xingshi Hudong Media Technology Co., Ltd.* (北京星矢互動傳媒科技有限公司), a limited liability company established under the laws of the PRC on April 10, 2020 and one of the Consolidated Affiliated Entities
“Beijing Zhiyaoxiangde”	Beijing Zhiyaoxiangde Enterprise Management Partnership (Limited Partnership)* (北京智耀祥德企業管理合夥企業(有限合夥) (formerly known as Xi’an Zhiyaoxiangde Enterprise Management Partnership (Limited Partnership)* (西安智耀祥德企業管理合夥企業(有限合夥))), a limited partnership established under the laws of the PRC on February 24, 2021
“Board”	the board of Directors of the Company
“C-end”	customer-end
“Catalog”	the Catalog of Industries Encouraged for Foreign Investment (2020 version) jointly promulgated by the MOFCOM and the NDRC on December 27, 2020 and became effective on January 27, 2021, as amended, supplemented or otherwise modified from time to time
“Chairman”	the chairman of the Board

Definitions

“China” or “the PRC”	the People’s Republic of China excluding, for the purposes of this annual report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	Flowing Cloud Technology Ltd, an exempted company incorporated in the Cayman Islands with limited liability on June 24, 2021, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 06610)
“Consolidated Affiliated Entities”, each a “Consolidated Affiliated Entity”	the entities we control through the Contractual Arrangements, namely Ophyer Technology, Hupo Jinyuan, Zhongrunxing, Shenzhen Huachuang and Beijing Xingshi, the details of which are set out in the section headed “Continuing Connected Transaction” in this annual report
“Consolidated Share(s)”	ordinary share(s) of par value of US\$0.00020 each in the share capital of the Company immediately after the Share Consolidation
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, Beijing Flowing Cloud, the Consolidated Affiliated Entities and the Registered Shareholders, the details of which are set out in the section headed “Continuing Connected Transaction” in this annual report
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang, Wanglei Co., Ltd., Cyber Warrior Holdings Limited and Brainstorming Cafe Limited
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company or any one of them
“ESG”	Environmental, Social and Governance
“FVTOCI”	fair value through other comprehensive income
“Group”, “Flowing Cloud”, “our”, “we” or “us”	the Company, its subsidiaries and the Consolidated Affiliated Entities at the relevant time
“Hainan Yilin”	Hainan Yilin Investment Partnership (Limited Partnership)* (海南易林投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on October 29, 2021
“Hangzhou Zhongrunxing”	Hangzhou Zhongrunxing Information Technology Co. Ltd.* (杭州中潤星數字科技有限公司), a company established under the laws of the PRC with limited liability on August 1, 2025, an indirect non-wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Companies Ordinance”	Chapter 622 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hupo Jinyuan”	Beijing Hupo Jinyuan Media Co., Ltd.* (北京琥珀金源傳媒有限公司) (formerly known as Beijing Hupo Jinyuan Technology Co., Ltd.* (北京琥珀金源科技有限公司)), a limited liability company established under the laws of the PRC on March 29, 2011 and one of the Consolidated Affiliated Entities
“IFRS”	International Financial Reporting Standards
“IP”	intellectual property
“Lingshui Fund”	Lingshui Smart Selection Leading Fund Equity Partnership (Limited Partnership)* 陵水智選領航股權基金合夥企業(有限合夥), a limited partnership established under the laws of the PRC on September 27, 2024
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	October 18, 2022, being the date from which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the Main Board of the Stock Exchange
“MCN”	multi-channel network
“Memorandum and Articles of Association”	the amended and restated Memorandum and Articles of Association
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry of the PRC (中華人民共和國信息產業部))
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“MR”	mixed reality, a blend of physical world and digital world
“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

Definitions

“Nanchang Xiaolan”	Nanchang Xiaolan Virtual Reality Industry Investment Partnership (Limited Partnership)* (南昌小藍虛擬現實產業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on November 30, 2020
“NDRC”	National Development and Reform Commission (國家發展和改革委員會)
“Negative List”	the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 version), most recently jointly promulgated by the MOFCOM and the NDRC on December 27, 2021 and became effective on January 1, 2022, as amended, supplemented or otherwise modified from time to time
“Nomination Committee”	the nomination committee of the Board
“Ophyer HK”	Flowing Cloud Technology (HK) Limited (飛天雲動(香港)科技有限公司), a company incorporated in Hong Kong with limited liability on August 10, 2021, an indirect wholly-owned subsidiary of the Company
“Ophyer Technology”	Beijing Ophyer Technology Shares Co., Ltd.* (北京掌中飛天科技股份有限公司) (formerly known as Beijing Hengchuang Zhaoye Technology Co., Ltd.* (北京恒創兆業科技有限公司) and Beijing Ophyer Technology Co., Ltd.* (北京掌中飛天科技有限公司)), a limited liability company established under the laws of the PRC on March 19, 2008 and one of the Consolidated Affiliated Entities
“PGC”	professionally generated content
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally adopted by the Company on September 8, 2022
“Prospectus”	the prospectus issued by the Company dated September 29, 2022
“R&D”	research and development
“Registered Shareholders”	direct shareholders of Ophyer Technology, namely Mr. Wang, Mr. Li Yanhao (李豔浩), Ms. Peng Si (彭思), Ms. Li Shu Lan (李淑蘭), Ms. Song Lifang (宋麗芳), Mr. Wang Chongling (王崇嶺), Ms. Yi Huimin (益惠敏), Ms. Li Xiujie (李秀傑), Mr. Liang Hui (梁暉), Shanghai Wangyue (as defined in the Prospectus), Grand Canal (Nanjing) (as defined in the Prospectus), Tongchuang Weiye (as defined in the Prospectus), Hefei Shuimu (as defined in the Prospectus), Shaanxi Big Data (as defined in the Prospectus), Guochuang Feitian (as defined in the Prospectus), Kaiyuan Future (as defined in the Prospectus), Tianjin Xinghuo (as defined in the Prospectus), Zhongtong Xinyuan (as defined in the Prospectus), Shenzhen Chestnut (as defined in the Prospectus), Shenzhen Linghang (as defined in the Prospectus) and Jinan Taiyue (as defined in the Prospectus)
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the one-year period from January 1, 2025 to December 31, 2025

“SaaS”	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
“SAIF Dynamiques”	Shenzhen Futian SAIF Dynamiques Equity Investment Fund Partnership (Limited Partnership)* (深圳市福田賽富動勢股權投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 5, 2016
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Shanghai Midu”	Shanghai Midu Bifang Consulting Management Partnership (Limited Partnership))* (上海米度畢方諮詢管理合夥企業(有限合夥) (formerly known as Ningbo Meishan Bonded Port Area Midu Investment Partnership (Limited Partnership))* (寧波梅山保稅港區米度畢方投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 30 May 2018
“Shanghai Zheji”	Shanghai Zheji Enterprise Management Partnership (Limited Partnership)* (上海藝紀企業管理合夥企業(有限合夥)), a limited partnership established under the laws of PRC on July 1, 2021
“Share(s)”	ordinary share(s) with nominal value of US\$0.00001 each in the share capital of the Company
“Share Consolidation”	the share consolidation on the basis of every twenty (20) issued and unissued Shares be consolidated into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Huachuang”	Shenzhen Huachuang Yunjing Technology Co., Ltd.* (深圳市華創雲景科技有限公司), a limited liability company established under the laws of the PRC on January 12, 2021 and one of the Consolidated Affiliated Entities
“Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“VATS”	value-added telecommunication services
“VR”	virtual reality, the computer generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way
“Wang Family Trust”	the trust established by Mr. Wang as the settlor and protector, with Vistra Trust (Singapore) Pte. Limited as the trustee
“Xi’an Biyue”	Xi’an Biyue Changxin Enterprise Management Partnership (Limited Partnership)* (西安碧悅昌鑫企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on February 23, 2021

Definitions

“XR”	extended reality, a combined term for AR, VR and MR
“Zhongrunxing”	Zhongrunxing (Beijing) Culture Media Co., Ltd.* (中潤星(北京)文化傳媒有限公司), a limited liability company established under the laws of the PRC on November 13, 2017 and one of the Consolidated Affiliated Entities until December 15, 2025 and and it became a subsidiary of the Company since December 16, 2025
“%”	percent

The English names of PRC laws, regulations, governmental authorities, institutions, and of companies or entities established in the PRC included in this annual report are translations of their Chinese names or vice versa and are included for identification purposes only. In the event of inconsistency, the Chinese versions shall prevail.

The English names of the PRC entities mentioned in this annual report which are marked with “*” are translated, or transliterated from the Chinese name and are for identification purposes only.