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Flowing Cloud Technology Ltd
飛天雲動科技有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6610)

VOLUNTARY ANNOUNCEMENT

PROGRESS ON ESTABLISHMENT OF AN INDUSTRIAL FUND AND ENTERING INTO THE PARTNERSHIP AGREEMENT

This announcement is made by Flowing Cloud Technology Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed on the latest plan of the Group.

Reference is made to the voluntary announcement of the Company dated July 15, 2024 (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to clarify the content of the Announcement as follows (with the change underlined for easy reference):

“The Smart Navigation Fund is a venture capital fund jointly-established by the Hainan Lingshui Equity Investment and relevant private partners pursuant to the Administrative Measure for the High Quality Development Fund of Lingshui Li Autonomous County* (《陵水黎族自治县高质量發展基金管理辦法》).”

Save as disclosed above, all other information contained in the Announcement remains unchanged.

On September 27, 2024, Beijing Flowing Cloud entered into the Partnership Agreement of Lingshui Smart Navigation Private Equity Partnership (Limited Partnership)* (《陵水智選領航私募基金合夥企業(有限合夥)之合夥協議》, the “**Partnership Agreement**”) with NEEO FUND, Hainan Lingshui Equity Investment and TD Online. Pursuant to the Partnership Agreement, the total contribution of the Partnership amounts to RMB101,000,000, among which Beijing Flowing Cloud agrees to invest RMB10,000,000 as a limited partner. The Smart Navigation Fund (i.e. the Partnership) was established on September 27, 2024.

PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT

Capital Contributions by the Partnership

The total contribution of the Partnership amounts to RMB101,000,000. Committed capital contributions of each party are as follows:

Name of partner	Type	Committed capital contribution (RMB'0000)	Contribution percentage
NEEO FUND	General partner	100	0.99%
Hainan Lingshui Equity Investment	Limited partner	8,000	79.21%
TD Online	Limited partner	1,000	9.90%
Beijing Flowing Cloud	Limited partner	1,000	9.90%
	Total	<u>10,100</u>	<u>100%</u>

Operation Period

The investment period shall be four years from the date the Partnership is established and the filing with the Asset Management Association of China (中國證券投資基金業協會) is approved and the exit period shall be three years after the expiration of the investment period. The exit period can be extended for one year with the unanimous consent of all partners, with a maximum of up to two extensions.

Management Fees

During the investment period of the Partnership, the management fee shall be charged at 2% of the total actual paid-in capital of the Partnership per year; during the exit period of the Partnership, the management fee shall be charged at 1% of the actual remaining investment amount (i.e. the principal amount) per year; during the extended exit period of the Partnership, no annual management fee shall be charged.

Distribution of Income

The distributable income of the Partnership is distributed in the following order:

- (1) Return of actual paid-in capital contribution. Invested principal shall be returned to all partners based on their actual paid-in capital contributions;
- (2) Threshold income distribution. Threshold income shall be paid to all partners at an annualized rate of 6% (simple interest);
- (3) Excess income distribution. If there is a remaining balance after the distributions in items (1) and (2) above are completed, such amount is considered as excess income, and the distribution method of the excess income is as follows:

(a) if the excess income is not more than three times (inclusive) the total actual paid-in capital of all partners, 80% of which shall be distributed among all partners in proportion to their respective actual paid-in capital and 20% shall be distributed to the general partner; and (b) for the portion of the excess income that exceeds three times the total actual paid-in capital of all partners, 70% of which shall be distributed among all partners in proportion to their respective actual paid-in capital and 30% shall be distributed to the general partner.

Loss Sharing

If the losses of the Partnership are not caused by the failure of the general partner to perform its duties diligently, such losses shall be shared by all partners in proportion to their actual paid-in capital contribution.

Shareholders and potential investors should give due consideration to various factors when assessing the value of the Company's shares. Shareholders and potential investors should therefore exercise caution when dealing in the shares.

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

Hong Kong, September 30, 2024

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