



多想雲
MANY IDEA
CLOUD

Many Idea Cloud Holdings Limited
多想雲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6696)

Executive Directors:

Mr. Liu Jianhui

(Chairman and chief executive officer)

Ms. Qu Shuo

Mr. Chen Shancheng

Mr. Chen Zeming

Registered Office:

Ogier Global (Cayman) Limited

89 Nexus Way, Camana Bay

Grand Cayman, KY1-9009

Cayman Islands

Non-executive Director:

Ms. Liu Hong

Principal Place of Business in Hong Kong:

2408, World-Wide House

19 Des Voeux Road Central

Central

Hong Kong

Independent Non-executive Directors:

Ms. Wang Yingbin

Ms. Wong Yan Ki, Angel

Mr. Tian Tao

Ms. Xiao Huilin

21 March 2024

*To the Qualifying Shareholders and, for information only,
the Non-Qualifying Shareholders*

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF
ONE (1) OPEN OFFER SHARE FOR EVERY TWO (2) EXISTING
SHARES HELD ON THE RECORD DATE
AT HK\$0.15 PER OPEN OFFER SHARE**

INTRODUCTION

References are made to the (i) Announcement; (ii) Circular; and (iii) the announcement of the Company dated 8 March 2024 in relation to the results of the EGM, among other matters, the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

At the EGM, the necessary resolutions approving, among other things, the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder were duly passed by the Independent Shareholders by way of poll. As the Underwriter, Mr. Liu, the Undertaking Providers, Mr. Chen Shancheng and Mr. Chen Zeming are involved in and/or interested in the Open Offer, the Underwriting Agreement and the Whitewash Waiver, they have abstained from voting on the resolutions proposed at the EGM.

The purpose of this Prospectus is to provide you with further information on the Open Offer including information on dealings in and application for the Open Offer Shares, and certain financial and other general information of the Group.

THE OPEN OFFER

The Board proposes to offer by way of the Open Offer to the Shareholders a total of 400,000,000 Open Offer Shares at a price of HK\$0.15 per Open Offer Share. The net proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$53.0 million. The Underwriter, a substantial shareholder beneficially holding 130,457,399 Shares, representing approximately 16.31% of the number of Shares in issue as at the Latest Practicable Date, has agreed to underwrite the Untaken Offer Shares on the terms and conditions set out in the Underwriting Agreement.

Issue statistics

Basis of the Open Offer:	One (1) Open Offer Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Open Offer Price:	HK\$0.15 per Open Offer Share
Number of Shares in issue as at the Latest Practicable Date:	800,000,000 Shares
Number of Open Offer Shares:	400,000,000 Open Offer Shares (assuming no change in the number of issued Shares as at the Latest Practicable Date up to and including the Record Date)
Board lot size of the Open Offer Shares:	2,000 Shares
Underwriter:	Many Idea Liujianhui

As at the Latest Practicable Date, no share options have been granted by the Company under any of its share schemes, and the Company has no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares. The Company has no intention to issue any new Shares and any other securities except the Open Offer Shares before completion of the Open Offer. Assuming no changes in the share capital of the Company on or before the Record Date, the number of 400,000,000 Open Offer Shares to be issued pursuant to the Open Offer represent approximately 50.0% of the total number of the existing issued Shares as at the Latest Practicable Date and approximately 33.3% of the total number of issued Shares as enlarged immediately upon the completion of the Open Offer (assuming all the Open Offer Shares will be taken up).

Open Offer Price

The offer price of HK\$0.15 per Open Offer Share, payable in full by a Qualifying Shareholder upon application for the assured allotment of Open Offer Shares under the Open Offer, represents:

- (i) a discount of approximately 34.50% over the closing price of HK\$0.229 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and the Placing Agreement;
- (ii) a discount of approximately 31.19% over the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.218;
- (iii) a discount of approximately 32.43% over the average of the closing prices per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.222;
- (iv) a discount of approximately 23.08% to the theoretical ex-entitlement price of approximately HK\$0.195 per Share based on the closing price of HK\$0.217 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Open Offer Shares;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 11.35% represented by the theoretical diluted price of approximately HK\$0.203 to the benchmarked price of approximately HK\$0.229 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the date of the Underwriting Agreement and the Placing Agreement of HK\$0.229 per Share and the average closing price of the Shares in the five trading days immediately prior to the date of the Announcement of HK\$0.218 per Share); and
- (vi) a discount of approximately 80.31% and 80.44% to the audited and unaudited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 and 30 June 2023 of approximately HK\$0.762 and HK\$0.767 per Share, respectively, calculated based on the consolidated net assets of the Group attributable to the Shareholders of approximately RMB544.86 million and RMB565.34 million (equivalent to approximately HK\$609.70 million and HK\$613.39 million based on the exchange rate of RMB1.000 to HK\$1.119 and RMB1.000 to HK\$1.085 as at 31 December 2022 and 30 June 2023, respectively). as at 31 December 2022 and 30 June 2023, respectively, and 800,000,000 Shares then in issue as at both of the aforesaid dates.

The terms of the Open Offer, including the Open Offer Price, were determined by the Board with reference to (i) the prevailing market condition; (ii) the prevailing market prices of the Shares; and (iii) the capital required for the Group's business development as detailed in the section headed "Reasons for the Open Offer and the use of proceeds" below. The Open Offer Shares will be offered to all Shareholders and each Qualifying

Shareholder will be entitled to apply for the Open Offer Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date.

The Board notes that it is common practice to set the Open Offer Price at a discount to the prevailing market prices of the relevant Shares to increase the attractiveness and encouraging Shareholders to participate in the Open Offer so as to meet the Company's need for additional funding with reference to the comparison of the terms of the Open Offer (including the Open Offer Price) with other recent open offer exercises for the period from 1 January 2021 to the Last Trading Day. Taking into account (i) the historical closing prices of the Shares exhibiting a general downward trend from the highest closing price of HK\$0.74 on 7 December 2022 to the closing price of HK\$0.217 on the Last Trading Day (i.e. 27 December 2023) during the period from 1 December 2022 to the Last Trading Day; and (ii) the average daily trading volume of the Shares ranging from approximately the highest of 13,622,900 Shares in December 2022 to the lowest of 291,158 Shares in September 2023 during the period from 1 December 2022 to the Latest Practicable Date, representing approximately 0.04% to 1.70% of the total number of issued Shares, respectively, indicating the current thin trading liquidity of the Shares, the Board is of the view that the Open Offer Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole to set the Open Offer Price at a discount of approximately 34.5% to the closing price of its Shares on the date of the Underwriting Agreement and the Placing Agreement in order to attract the Qualifying Shareholders to participate in the Open Offer and to maintain their respective shareholdings in the Company.

In addition, while the Open Offer Price represents a significant discount to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2022 and 30 June 2023, the Board is of the view that such discount is fair and reasonable in light of the expansion of the business and long-term and sustainable development of the Group which requires continuous input of resources in its assets, particularly intangible assets, such as trademarks, software copyrights and software, as well as cash flows for the development of the Group's principal business and the negative market sentiment and economic uncertainty based on the current market assessment as to the market responses to the Open Offer by the Directors.

Based on the above, the Directors consider that the terms of the Open Offer, including the Open Offer Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. For details of the conditions of the Underwriting Agreement, please refer to the paragraphs headed "Underwriting arrangement for the Open Offer — Conditions of the Underwriting Agreement" below.

If any of the conditions of the Underwriting Agreement are not fulfilled or waived (as the case may be), the Underwriting Agreement will be terminated and the Open Offer will not proceed.

Basis of assured allotment

Under the Open Offer, the basis of the assured allotment will be one (1) Open Offer Share for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Fractional assured allotment of the Open Offer Shares

Open Offer Shares in assured allotment will be rounded down to the nearest whole number. No fractional Open Offer Shares will be issued under the Open Offer. All fractions of Open Offer Shares will be aggregated and first placed by the Placing Agent under the Unsubscribed Arrangements (see details set out in the paragraphs headed "Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements" below) to Independent Third Parties. No odd lot matching services will be provided by the Company in respect of the Open Offer Shares.

Status of the Open Offer Shares

The Open Offer Shares, when issued and fully paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and will rank pari passu in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or payable on or after the date of allotment of the Open Offer Shares.

Qualifying Shareholders and Non-Qualifying Shareholders

The Open Offer will only be available to Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and a Qualifying Shareholder. As at the Latest Practicable Date, the Company has Overseas Shareholders situated in the PRC and the British Virgin Islands.

In order for the transferees to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar (i.e. Computershare Hong Kong Investor Services Limited) at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by 4:30 p.m. on Wednesday, 13 March 2024.

The Prospectus Documents are sent to Qualifying Shareholders. To the extent permitted under the relevant laws and regulations and reasonably practicable, the Prospectus only is sent to Non-Qualifying Shareholders for information purposes. The Non-Qualifying Shareholders are not entitled to any assured allotment under the Open Offer.

Qualifying Shareholders who take up their pro-rata allotment in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of its/his/her allotment under the Open Offer, its/his/her proportionate shareholding in the Company will be diluted. The invitation to subscribe for the Open Offer Shares made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading in the assured allotments on the Stock Exchange.

Application for all or any part of a Qualifying Shareholder's assured allotment of Open Offer Shares should be made by completing the Application Form and lodging the same with a remittance for the Open Offer Shares being applied for with the Registrar at or before the Latest Time for Application (i.e. 4:00 p.m. on Tuesday, 9 April 2024).

No excess application for the Open Offer Shares

The Qualifying Shareholders will not be entitled to subscribe for any Open Offer Shares in excess of their respective assured allotments. All Unsubscribed Shares that have not been placed by the Placing Agent or have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing End Date will be underwritten by the Underwriter.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries regarding the feasibility of extending the Open Offer to Overseas Shareholders under the laws of the relevant overseas jurisdictions and the requirement of the relevant regulatory bodies or stock exchanges. As at the Latest Practicable Date, there were 44 Shareholders holding 592,724,666 Shares in aggregate with registered addresses outside Hong Kong, namely in the PRC and the British Virgin Islands, representing approximately 74.1% of the total issued shares of the Company.

The Board has made enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. Based on the legal opinions obtained by the Company, there is no restriction under the applicable laws of the relevant jurisdiction or requirements of the relevant regulatory body or stock exchange that would limit or restrict the Open Offer and the sending of the Prospectus and the Prospectus Documents to Shareholders with registered addresses in the PRC and the British Virgin Islands to receive Shares under the Open Offer. Accordingly, the Board is of the view that Shareholders with registered addresses in the PRC and the British Virgin Islands will be entitled to receive Shares under the Open Offer and are considered to be Qualifying Shareholders, and therefore the Open Offer will also be extended to the Overseas Shareholders.

Subject to, among other things, registration of the Prospectus Documents, the Prospectus Documents will be despatched to all Qualifying Shareholders and the Prospectus (without the Application Form) will be despatched to the Non-Qualifying Shareholders for information only, subject to compliance with the relevant local laws, regulations and requirements.

It is the responsibility of any person (including but without limitation to any nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to apply for and take up the Open Offer Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or

jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any application by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. Persons in any doubt as to their positions should consult their own professional advisors. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will be deemed to make this representation and warranty.

No invitation has been made or will be made, directly or indirectly, to the public in the British Virgin Islands and the PRC to purchase the Open Offer Shares, and the Open Offer Shares are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands and the PRC, except as otherwise permitted by the British Virgin Islands laws and the PRC laws.

Application for the Open Offer Shares and Payment

For each Qualifying Shareholder, an Application Form is enclosed with this Prospectus which entitles him/her/it to subscribe for the number of the Open Offer Shares as shown therein subject to payment in full by the Latest Time for Application. If a Qualifying Shareholder wishes to exercise his/her/its right to apply for all number of the Open Offer Shares in his/her/its assured allotments of Open Offer Shares or any number of the Open Offer Shares less than his/her/its assured allotments of Open Offer Shares, the Qualifying Shareholder must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than 4:00 p.m. on Tuesday, 9 April 2024 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus). All remittance(s) must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "Many Idea Cloud Holdings Limited" and crossed "Account Payee Only". No application(s) of Open Offer Shares can be made by any persons who are Non-Qualifying Shareholders. If a Qualifying Shareholder applies for a number of Open Offer Share that is in excess of his/her/its assured allotment of Open Offer Shares, such application is liable to be rejected.

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Tuesday, 9 April 2024 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus), the assured allotments of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled and the relevant Open Offer Shares will be first placed by the Placing Agent under the Unsubscribed Arrangements, and if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement. The Company may, at its discretion, treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant

instructions. The Company may require such incomplete Application Form to be completed by the relevant applicants at a later stage.

All cheques and banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) shall be retained for the benefit of the Company. Completion and lodgment of the Application Form together with a cheque or banker's cashier order in payment of the Open Offer Shares being applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. Remittance(s) will be presented for payment upon receipt by the Company and all interest earned (if any) will be retained for the benefit of the Company. Any Application Form in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the assured allotments of the Open Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application monies received.

Each Application Form is for use only by the Qualifying Shareholder named in it and is not transferable. No receipt will be issued in respect of any application monies received. If the Underwriting Agreement is terminated at or before 4:00 p.m. on the Latest Time for Termination, being the latest time for termination of the Underwriting Agreement, the Open Offer will not proceed and the monies received in respect of application for the Offer Shares without interest will be returned to the Qualifying Shareholders or, in case of joint holders, to the first-named person, by means of cheques crossed "Account Payee Only" to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk on or before Friday, 19 April 2024.

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 7.26A(2) of the Listing Rules, as the Underwriter, being a substantial shareholder, shall act as the underwriter of the Open Offer, the Company must make arrangements as stipulated in Rule 7.26A(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees for the benefit of the relevant No Action Shareholders.

Any Unsubscribed Shares (which comprise (i) the fractional Open Offer Shares aggregated as mentioned above; (ii) the Open Offer Shares that are not subscribed by the Qualifying Shareholders; and/or (iii) Open Offer Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties, and if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Principal terms of the Placing Agreement

Placing Agent:	Metaverse Securities Limited
Placing commission:	2.5% of the gross proceeds from the subscription of the Unsubscribed Shares successfully placed by the Placing Agent as at the date of Open Offer Completion
Placing Price:	Not less than HK\$0.15 per Unsubscribed Share
Placing Period:	The Placing Period will commence on 15 April 2024 and end on 16 April 2024 (both dates inclusive) or such other dates as the Company may announce, being the period during which the Placing Agent will conduct the Placing.
Placee(s):	<p>The Unsubscribed Shares are expected to be placed to investors, who/which will be professional, institutional, corporate and/or individual investors selected and procured by or on behalf of the Placing Agent on a best effort basis. The Placing Agent will, on a best effort basis, ensure that these placees (or as the case may be, their ultimate beneficial owner(s)) will be Independent Third Parties.</p> <p>For the avoidance of doubt, no placee will become a substantial shareholder.</p>

If any Net Gain can be obtained, such Net Gain will be paid (without interest) to Non-Action Shareholders and the Company as set out below on pro-rata basis (but rounded down to the nearest cent and subject as mentioned below):

- (i) where an assured allotment is not applied for in full, the relevant Shareholder by reference to the extent that Shares in his/ her/ its assured allotment are not applied for (unless that person is covered by (ii) below);
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings on the Record Date; and
- (iii) the Company where there are aggregated fractional Open Offer Shares placed, with reference to the number of the aggregated fractional Open Offer Shares as a percentage of the total Unsubscribed Shares placed.

If and to the extent in respect of any Net Gain, any No Action Shareholder becomes entitled on the basis described above to an amount of HK\$200 or more, such amount will be paid to that No Action Shareholders in Hong Kong Dollars. The Company will retain any amounts of less than HK\$200 that may otherwise to be payable to a No Action Shareholder for its own benefit.

Conditions of the Placing Agreement

The Placing is conditional upon the fulfilment or waiver, where permitted, of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Open Offer Shares;
- (ii) none of the representations, warranties or undertakings contained herein being or having become untrue, inaccurate or misleading in any material respect at any time before Completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

Termination of the Placing Agreement

In the event the any conditions precedent above is not fulfilled on or before the Latest Time for Termination (or such later date as may be agreed between the parties thereto in writing), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to such termination.

The Placing Agent will, on a best effort basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties for all (or as many as possible) of the Unsubscribed Shares.

As at the Latest Practicable Date, the Placing Agent was not interested in any Shares. The Placing Agent confirms that it is an Independent Third Party, and that there is no other arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. None of the Placing Agent and its concert parties is acting in concert with the Underwriter, its ultimate beneficial owner or any of the parties acting in concert with any of them. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Because the Company has put in place the above Unsubscribed Arrangements as required by Rule 7.26A(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Open Offer as stipulated under Rule 7.26A(1)(a) of the Listing Rules.

Share certificates for the Open Offer Shares

Subject to fulfilment of the conditions of the Open Offer and to its proceeding, share certificates for the fully-paid Open Offer Shares are expected to be posted by Friday, 19 April 2024 to those entitled thereto by ordinary post at their own risks. If the Open Offer is terminated, refund cheques are expected to be despatched on or before Friday, 19 April 2024 by ordinary post at the respective Shareholders' registered addresses at their own risk.

Application for listing of the Open Offer Shares

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Open Offer Shares on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stock brokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Open Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee and other applicable fees and charges in Hong Kong.

All necessary arrangements will be made to enable the Open Offer Shares in their fully-paid form to be admitted to CCASS. The first day of dealings in the Open Offer Shares is expected to commence on Monday, 22 April 2024.

Refund of application monies

If the conditions of the Underwriting Agreement as set out in the paragraphs headed “Conditions of the Underwriting Agreement” under the section headed “Underwriting arrangement for the Open Offer” in this “Letter from the Board” below are not fulfilled or the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination, the Open Offer will not proceed, and any application monies paid will be refunded, without interest, by means of a cheque to be despatched by ordinary post to the registered addresses of the relevant Qualifying Shareholders by not later than Friday, 19 April 2024, at their own risk.

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Undertaking Providers are interested in an aggregate of 258,367,381 Shares (representing approximately 32.30% of the entire issued share capital of the Company as at the Latest Practicable Date).

Pursuant to the Irrevocable Undertakings, the Undertaking Providers have irrevocably undertaken to the Company (i) to apply and pay for or to procure their respective associates (as defined under the Listing Rules) to apply and pay for all Open Offer Shares which will be in the assured allotment of Open Offer Shares in respect of the 258,367,381 Shares beneficially owned by them; (ii) that they will remain to be the beneficial owners of the 258,367,381 Shares at the close of business on the Record Date; (iii) to procure that the application for the Open Offer Shares will be lodged with the Registrar or the Company, in accordance with the terms of the Prospectus Documents, provided that the Whitewash Waiver having been granted by the Executive prior to the Posting Date and not having been revoked or withdrawn; and (iv) that they will not, and will procure their respective associates that they will not, without first having obtained prior written consent of the Company transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Share (except the application of the Open Offer Shares under the assured allotment of the Open Offer Shares under the Open Offer) or any interest therein between the date of the Irrevocable Undertakings and the Record Date.

THE UNDERWRITING ARRANGEMENT FOR THE OPEN OFFER

Principal terms of the Underwriting Agreement

Date: 28 December 2023

Parties: (i) The Company; and
(ii) The Underwriter, being the underwriter to the Open Offer

The Underwriter is a substantial shareholder of the Company which beneficially holds 130,457,399 Shares, representing approximately 16.31% of the entire issued share capital of the Company as at the Latest Practicable Date. As such, the Underwriter complies with Rule 7.19(1)(b) of the Listing Rules. The Underwriter is an investment holding company and is not engaged in the business of underwriting securities.

Number of Open Offer Shares underwritten: All such Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing End Date

Commission: Nil

The Board considers that the Underwriting Agreement as part of the arrangement under the Open Offer is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment or waiver, where permitted, of the following conditions precedent:

- (i) the passing by the Independent Shareholders at the EGM of (i) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreement, the Open Offer and the transactions contemplated thereunder; and (ii) a special resolution to approve the Whitewash Wavier (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code, respectively;

- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders by the Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Posting Date;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Open Offer Shares by no later than the first day of their dealings;
- (v) compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands;
- (vi) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (vii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (viii) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Irrevocable Undertakings.

None of the conditions precedent above is capable of being waived by any party to the Underwriting Agreement. If the conditions precedent above are not satisfied by the Latest Time for Termination (or such later date or dates as the Underwriter and the Company may agree in writing), the Underwriting Agreement will terminate and all liabilities of the parties to the Underwriting Agreement will terminate and, save in respect of certain provisions and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination, neither party will have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breaches. As at the Latest Practicable Date, conditions precedent (i) and (vi) above have been fulfilled.

The Company shall use all reasonable endeavours to procure the fulfillment of the conditions precedent as set out above by the Latest Time for Termination or such other time as stated in the conditions precedent above and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Open Offer Shares.

Termination of the Underwriting Agreement

Terms in relation to the termination of the Underwriting Agreement are summarised in the section headed "Termination of the Underwriting Agreement" in this Prospectus.

INFORMATION ON THE PARTIES

Information on the Group

The Group is principally engaged in the provision of integrated marketing solutions services in the PRC. The Group's integrated marketing solutions services consist of four types of marketing services, namely (i) content marketing; (ii) digital marketing; (iii) public relations event planning; and (iv) media advertising. Content marketing uses content as the carrier and integrates advertisements of brand customers into various events and videos to achieve marketing purposes. It can be divided into two broad categories: event content marketing and digital content marketing. Among event content marketing, sports content marketing relies on sports events such as marathons and street dancing for marketing purposes.

Information on the Underwriter and Mr. Liu

The Underwriter is an investment holding company incorporated in the British Virgin Islands on 28 May 2021 and is wholly-owned by Mr. Liu. It is one of the Controlling Shareholders. Mr. Liu is the founder, chairman of the Board, chief executive officer, executive Director, one of the Controlling Shareholders and the spouse of Ms. Qu.

It is the intention of the Underwriter and Mr. Liu to continue carrying on the principal businesses of the Group and to continue the employment of the employees of the Group, and they have no intention to introduce any major changes to the businesses of the Group including redeployment of the fixed assets of the Group.

Information on the Placing Agent

Metaverse Securities Limited, being the Placing Agent, is corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO.

REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

Use of proceeds

The gross proceeds from the Open Offer are expected to be approximately HK\$60.0 million. The net proceeds from the Open Offer after deducting related expenses are

estimated to be approximately HK\$53.0 million. The net price per Open Offer Share is expected to be approximately HK\$0.1325. The Company intends to apply the net proceeds from the Open Offer as follows:

- (i) approximately HK\$47.7 million for purchasing media resources, in particular, the online traffic from TikTok for the Group's customers to place advertisements via the new TikTok distribution channel (the "**TikTok Distribution Channel**"), and promotion of the TikTok Distribution Channel; and
- (ii) approximately HK\$5.3 million as general working capital of the Company.

Reference is made to the announcement (the "**UoP Announcement**") of the Company dated 14 December 2023 in relation to the discloseable transaction relation to the formation of a joint venture and the change in use of proceeds from the Global Offering (the "**Net Proceeds**"). As stated in the UoP Announcement, approximately HK\$84.8 million originally allocated for scaling up the Group's IP contents portfolio and expanding its integrated marketing solutions business had already been fully utilised as at 30 November 2023, and the Group has decided to re-allocate approximately HK\$34.2 million of the unutilised Net Proceeds to expand its IP content portfolio and its integrated marketing solutions business (the "**Re-allocated Unutilised Proceeds**"), which had been utilised in full as at the Latest Practicable Date.

In March 2023, to strengthen its cooperation with the leading media platform, TikTok, the Group has entered into a strategic partnership with TikTok to launch the TikTok Distribution Channel to become the first-tier agent of TikTok. As a result, the Group's revenue from its integrated marketing services, in particular, the digital marketing services has been growing steadily since the first half of 2023. Since the launch of the TikTok Distribution Channel, the Group has been receiving positive feedback and recognition from its customers, and has received an unexpected surge in the number of orders from its customers for placing advertisements through such channel, exceeding the expectation of the management of the Company. Based on the operational data of the Group for the nine months ended 30 November 2023, the number of orders received by the Group in respect of utilising the TikTok Distribution Channel has been growing exponentially with orders amounted to approximately RMB72.2 million received on average per month. In particular, for the three months ended 30 November 2023, the Group had received orders amounting to approximately RMB100.0 million on average each month from its customers for advertising via such channel. To cater such substantial and persistent demand from the Group's customers, the Company intends to purchase additional advertising resources from TikTok, in particular, its online traffic (i.e. number of visits by TikTok users to be directed to designated advertisements/websites via the TikTok Distribution Channel). The TikTok Distribution Channel provides online traffic based on the preferences or needs of TikTok users with reference to their activities on the TikTok platform, and allows advertisements placed by the Group's customers, utilising TikTok's online traffic, to appear and be suggested to TikTok users, such that advertisements would be able to reach their target audience, and the TikTok users would be directed to the websites as designated by the Group's customers. In view of the successful debut of the TikTok Distribution Channel, the Company also sees a promising

prospect of the TikTok Distribution Channel and expects the TikTok Distribution Channel business to continue to grow, and thus intends to invest more marketing efforts in promoting the TikTok Distribution Channel to accelerate the development of such channel so as to capitalise on the prevailing market trend.

Further, as stated in the UoP Announcement, the Company, through its indirect wholly-owned subsidiary, Xiamen Instant Interactive, has entered into a cooperation agreement with Shanghai Yuzheng on 14 December 2023 in relation to the formation of a joint venture company (the “**JV Company**”), pursuant to which, among others, Xiamen Instant Interactive has committed to make a capital contribution of RMB47 million in cash to the JV Company. According to the aforesaid agreement, such capital contribution has to be made by Xiamen Instant Interactive by May 2024. In view of such existing obligation of making capital contribution to the JV Company, the Company has decided to re-allocate approximately HK\$51.6 million of the unutilised Net Proceeds to the establishment of the JV Company to satisfy such imminent funding need instead of re-allocating such portion of unutilised Net Proceeds to the development of the TikTok Distribution Channel business, which has been financed by the Group’s internal resources and bank borrowings.

In light of the above, to capture the unexpected escalating demand for the digital marketing services of the Group mainly attributable to the launch of the TikTok Distribution Channel earlier this year, especially the plan to form such strategic partnership with TikTok, and thus the launch of such channel was not emerged at the time when the Company was formulating its future plans and use of proceeds as set out in the prospectus of the Company dated 28 October 2022, the Directors are of the view that it is justifiable for the Group to allocate a substantial amount of net proceeds from the Open Offer to further invest resources in such business segment in addition to the Re-allocated Unutilised Proceeds to fuel the expected growth of the Group’s business in light of the emerging trend of utilising prevailing online marketing tools, including TikTok, in the PRC.

Save as disclosed above, as at the Latest Practicable Date, the Company had no intention and was not in the course of any discussion or negotiation to conduct any further fundraising activities for the development of the TikTok Distribution Channel. However, the Board cannot rule out the possibility that the Company will conduct further fundraising exercises when suitable fundraising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

Alternative fundraising methods

The Company has considered alternative fundraising methods which included debt financing, placing of new Shares and rights issue. The Board is of the view that debt financing would result in additional finance costs and increase the Group’s liabilities burden. The Board also considers that debt financing is not an appropriate option to obtain additional funds. The Board is also of the view that placing of new Shares (i) would

only be available to certain placees who may not necessarily be existing Shareholders and would dilute the shareholding of existing Shareholders; and (ii) may raise funds in a relatively larger size in light of the funding needs set out above.

Although a rights issue, as compared to an open offer, can provide an additional option to those Shareholders who do not wish to take up their entitlements by selling their entitled nil-paid rights, the Board is of the view that a rights issue involving the trading of nil-paid rights would incur extra administrative work and cost on the part of the Company for preparation, printing, posting and processing of trading arrangements in relation to the nil-paid rights. The Company will also incur additional resources to administer the trading of the nil-paid rights including communication between the Company and other parties, such as the Registrar or financial printer engaged by the Company. In addition, since the average daily trading volume of the Shares over the past six months of 2023 had been relatively low, there would be a relatively high uncertainty of the existence of an active market to trade the nil-paid rights. Having considered the extra administrative work and additional cost to be involved in the trading arrangements of nil-paid rights and in view of the aforesaid relatively inactive historical trading volumes of the Shares, the Board considers that raising funds by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

In view of the above, the Directors do not consider that debt financing or equity fundraising methods by way of placing of new shares or rights issue would be in the overall interests of the Company and its Shareholders. The Directors consider the Open Offer to be an appropriate method to raise the necessary funding which will provide all Qualifying Shareholders the right to participate in the new share issue by the Company in proportion to their shareholding in the Company should they wish to do so. It is prudent to finance the Group's long-term business development by long-term financing, in the form of Open Offer which will not increase the Group's finance costs.

The Board believes that it would be in the interest of the Company to raise equity funding via the Open Offer to facilitate long-term development of the Group and to save financial costs to be incurred for the Company's funding needs. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Non-Qualifying Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

Having considered the above, the Directors consider that the terms of the Open Offer are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUNDRAISING EXERCISE IN THE PRECEDING TWELVE-MONTH PERIOD

The Company has not conducted any fundraising activity in the past twelve months immediately preceding the Latest Practicable Date.

EFFECT OF THE OPEN OFFER ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

	(i) As at the Latest Practicable Date		(ii) Immediately upon the Open Offer Completion assuming full acceptance by all Qualifying Shareholders under the Open Offer		(iii) Immediately upon the Open Offer Completion assuming (a) no acceptance by the Qualifying Shareholders (other than the Underwriter, Mr. Liu and the parties acting in concert with them) under the Open Offer; and (b) all the Unsubscribed Shares were placed to Independent Third Parties under the Unsubscribed Arrangements		(iv) Immediately upon the Open Offer Completion assuming (a) no acceptance by the Qualifying Shareholders (other than the Underwriter, Mr. Liu and the parties acting in concert with them) under the Open Offer; and (b) no Independent Third Parties took up the Unsubscribed Shares such that all the Unsubscribed Shares were taken up by the Underwriter	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
The Underwriter ^{(1), (3)}	130,457,399	16.31	195,686,098	16.31	195,686,098	16.31	466,502,408	38.88
Xiamen Dream Future ^{(2), (3)}	126,330,885	15.79	189,496,327	15.79	189,496,327	15.79	189,496,327	15.79
Many Idea Qushuo ^{(3), (4)}	1,579,097	0.20	2,368,645	0.20	2,368,645	0.20	2,368,645	0.20
Subtotal	258,367,381	32.30	387,551,070	32.30	387,551,070	32.30	658,367,380	54.87
<i>Directors</i> ⁽⁵⁾								
Mr. Chen Shancheng ⁽⁶⁾	15,119,887	1.89	22,679,830	1.89	15,119,887	1.26	15,119,887	1.26
Mr. Chen Zeming ⁽⁷⁾	1,963,278	0.25	2,944,917	0.25	1,963,278	0.16	1,963,278	0.16
Subtotal (the Underwriter, Mr. Liu, the parties acting in concert with them and Directors)	275,450,546	34.44	413,175,817	34.44	404,634,235	33.72	675,450,545	56.29
Independent placees	-	-	-	-	270,816,311	22.57	-	-
Other public Shareholders	524,549,454	65.56	786,824,183	65.56	524,549,454	43.71	524,549,455	43.71
Total	800,000,000	100.00	1,200,000,000	100.00	1,200,000,000	100.00	1,200,000,000	100.00

Notes:

1. The Underwriter is an investment holding company beneficially and wholly owned by Mr. Liu. Under the Takeovers Code, Mr. Liu is a party acting in concert with the Underwriter by virtue of his shareholding in the Underwriter. Under the SFO, Mr. Liu is deemed to be interested in all the Shares registered in the name of the Underwriter.
2. Xiamen Dream Future is owned as to 90% by ZJJ Many Idea, 9.9% by Mr. Liu and 0.1% by Ms. Qu. ZJJ Many Idea is owned as to 99% by Mr. Liu and 1% by Ms. Qu. Accordingly, ZJJ Many Idea is deemed to be interested in such number of Shares held by Xiamen Dream Future by virtue of the SFO.
3. Mr. Liu is the spouse of Ms. Qu. Each of Mr. Liu and Ms. Qu is deemed to be interested in the Shares held by one another by virtue of the SFO.
4. Many Idea Qushuo is wholly owned by Ms. Qu. Accordingly, Ms. Qu is deemed to be interested in such number of Shares held by Many Idea Qushuo by virtue of the SFO.
5. Save as disclosed in this table, no other Director held Shares as at the Latest Practicable Date.
6. Under the Takeovers Code, Mr. Chen Shancheng is a director of the Company and is presumed to be acting in concert with the Underwriter under class (6) of the definition of “acting in concert”.
7. Under the Takeovers Code, Mr. Chen Zeming is a director of the Company and is presumed to be acting in concert with the Underwriter under class (6) of the definition of “acting in concert”.

As illustrated above, if no Qualifying Shareholders take up the Open Offer Shares and no Unsubscribed Shares can be placed to independent placees, upon the Open Offer Completion, (i) the shareholding of the existing public Shareholders would be reduced from approximately 65.56% as at the Latest Practicable Date to approximately 43.71% of the enlarged issued share capital of the Company, and (ii) the shareholding of the Underwriter, Mr. Liu and the parties acting in concert with them would be increased from approximately 32.30% as at the Latest Practicable Date to approximately 54.87%.

The Underwriter has undertaken to the Company under the Underwriting Agreement that if the subscription for the Unsubscribed Shares by the Underwriter pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules, the Underwriter will, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules.

If a Qualifying Shareholder does not subscribe for his/her/its assured allotment in full under the Open Offer, his/her/its proportionate shareholding in the Company will be diluted.

THE WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter and its beneficial owner, Mr. Liu, together with the parties acting in concert with any of them beneficially owned in aggregate 258,367,381 Shares, representing approximately 32.30% of the entire issued share capital of the Company. Assuming (i) there is no change in the number of issued Shares from the Latest Practicable Date up to and including the date of close of the Open Offer; (ii) none of the Qualifying Shareholders other than the Underwriter, Mr. Liu and the parties acting in concert with them have taken up their entitlements under the Open Offer; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangement, the interests in the Company held by the Underwriter, Mr. Liu and the parties acting in concert with them upon the close of the Open Offer will increase from the current level of approximately 32.30% to approximately 54.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Open Offer Shares. The Underwriter and Mr. Liu will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code.

On 6 March 2024, the Executive conditionally granted the Whitewash Waiver, subject to (i) the Whitewash Waiver and the Open Offer being separately approved by at least 75% and more than 50% of the independent votes (as defined in Note 1 on dispensations from Rule 26 of the Takeovers Code), respectively, that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll; and (ii) unless the Executive gives prior consent, no acquisition or disposal of voting rights of the Company being made by the Underwriter and its concert parties between the date of the Announcement and the completion of the issue of the Open Offer Shares. At the EGM, the necessary resolutions approving, among other things, the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder were duly passed by the Independent Shareholders by way of poll.

Condition (i) of the Whitewash Waiver above has been fulfilled as at the Latest Practicable Date and it is expected that condition (ii) of the Whitewash Waiver above will be fulfilled upon completion of the issue of the Open Offer Shares. Accordingly, the Underwriter will not be required to make a mandatory general offer for all the Shares currently in issue and not already owned or agreed to be acquired by it, as a result of the Underwriter performing its obligations under the Underwriting Agreement.

Upon completion of the Open Offer, the maximum potential holding of the Underwriter and parties acting in concert with it may exceed 50% of the then total number of issued Shares in which case, the Underwriter and parties acting in concert with it may increase its shareholding in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

WARNING OF THE RISKS OF DEALING IN THE SHARES

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT THE OPEN OFFER IS CONDITIONAL UPON, AMONG OTHERS, CONDITIONS PRECEDENT AS SET OUT IN SECTION HEADED "CONDITIONS OF THE OPEN OFFER" IN THE "LETTER FROM THE BOARD" ABOVE IN THIS PROSPECTUS. ACCORDINGLY, THE OPEN OFFER MAY OR MAY NOT PROCEED.

ANY DEALINGS IN THE SHARES FROM THE DATE OF THIS PROSPECTUS UP TO THE DATE ON WHICH ALL THE CONDITIONS OF THE OPEN OFFER ARE FULFILLED WILL BEAR THE RISK THAT THE OPEN OFFER MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE IN CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

ADDITIONAL INFORMATION

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

By order of the Board
Many Idea Cloud Holdings Limited

A handwritten signature in black ink, appearing to be 'Liu Jianhui', written in a cursive style.

Liu Jianhui
Chairman of the Board