



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)

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD
ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM for the purpose of considering and, if thought fit, approving, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue:	Six (6) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.4753 per Rights Share

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Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue):	Approximately HK\$0.4725 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	96,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	up to 576,000,000 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares:	up to HK\$1,152,000 (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue:	up to 672,000,000 Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Gross proceeds from the Rights Issue:	up to approximately HK\$273.8 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)

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 or issue or grant any options, warrants or other convertible securities which confer any right to convert into or subscribe for Shares on or before the Record Date.

Assuming no Shares are issued or repurchased on or before the Record Date, the 576,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 600.0% of the total number of issued Shares and approximately 85.7% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Shares together with the NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements on a best effort basis. Any Unsubscribed Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

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Prior to proceeding with the Rights Issue on a non-underwritten basis, the Company had explored the viability of an underwritten rights issue. The Company has made references to the recent three months rights issues conducted by listed companies on the Stock Exchange, among 19 cases, only 1 was conducted on fully underwritten basis. The Company has also approached several securities firms to arrange underwriting services in respect of the Rights Issue, but none of them expressed an interest in underwriting the proposed Rights Issue. As such, the Board decided to conduct the Rights Issue on a non-underwritten basis.

The Board understands that in the event the Unsubscribed Shares and the NQS Unsold Rights Shares are fully-underwritten, the underwriting commission charged by independent underwriter is generally much higher than the commission charged for placing on a best effort basis. Despite the fact that there is no guarantee for the minimum amount to be raised by the Rights Issue under the non-underwritten basis, the Placing Agent will place any Unsubscribed Shares together with the NQS Unsold Rights Shares on a best effort basis to the independent placees. In view of the above and having considered (i) the higher underwriting fees and commission to be incurred in underwriting arrangement will be considered additional costs and expenses borne by the Company which will reduce the net proceeds of the Rights Issue; and (ii) the Placing arrangement in place, the Board considers that the Rights Issue on a non-underwritten basis is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or result in the Company's non-compliance of the Public Float Requirement of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and (ii) does not result in the non-compliance of the Public Float Requirement. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

The Irrevocable Undertakings

As at the Latest Practicable Date, the Board has received from the controlling shareholders of the Company, namely Mr. Liu, Ms. Qu, ZJJ Many Idea, Xiamen Dream Future, Many Idea Liujianhui and Many Idea Qushuo (collectively, the “**Controlling Shareholders**”) who in aggregate holding 16,257,279 Shares (representing approximately 16.93% of the issued share capital of the Company as at the Latest Practicable Date). Pursuant to the Irrevocable Undertakings, the Controlling Shareholders have provided irrevocable and unconditional undertakings to the Company to, among other things, (i) accept, or procure the Controlling Shareholders to accept their entitlements to the

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provisional allotment of an aggregate of 97,543,674 Rights Shares; and (ii) not to sell or transfer the Shares held by themselves in any manner before the completion or lapse of the Rights Issue. As at the Latest Practicable Date, save for the Controlling Shareholders, the Company does not have any other substantial Shareholder and the Board has not received any indication from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

The Subscription Price

The Subscription Price of HK\$0.4753 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 27.98% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 22.08% to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 24.56% to the average closing price 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\$0.63;
- (iv) a discount of approximately 26.88% to the average closing price 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\$0.65;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 20.63% represented by the theoretical diluted price of approximately HK\$0.50 to the benchmarked price of approximately HK\$0.63 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.61 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\$0.63 per Share);
- (vi) a discount of approximately 4.94% to the theoretical ex-rights price of approximately HK\$0.50 per Share based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vii) a discount of approximately 91.29% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2024 of approximately HK\$5.46 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB481.0 million (equivalent to approximately HK\$524.3 million based on the exchange rate of RMB1:

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HK\$1.09) as set out in the annual report of the Company for the year ended 31 December 2024 and 96,000,000 Shares in issue as at the Latest Practicable Date; and

- (viii) a discount of approximately 90.53% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2025 of approximately HK\$5.02 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB442.0 million (equivalent to approximately HK\$481.8 million based on the exchange rate of RMB1: HK\$1.09) as set out in the interim results announcement of the Company for the six months ended 30 June 2025 and 96,000,000 Shares in issue as at the Latest Practicable Date.

The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

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The Subscription Price was determined taking into consideration (i) the recent market price of the Shares since April 2025, which presented an overall downward trend from HK\$7.43 per Share on 3 April 2025 to HK\$0.61 on the Last Trading Day; (ii) the prevailing market conditions in Hong Kong taking into consideration the rather cautious investment sentiment of the general public investors in Hong Kong amid economic uncertainties; (iii) the low trading volume of the Shares for the three months immediately preceding the Last Trading Day with the average daily trading volume of approximately 1,530,589 Shares, representing approximately 1.59% of the total number of issued Shares as at the Last Trading Day; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Letter from the Board — Reasons for and benefits of the Rights Issue and the use of proceeds” in this circular. The Directors consider that the Rights Issue will provide the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group and the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to take up their entitlements, thereby minimising possible dilution impact.

The Directors consider that it is reasonable to set the Subscription Price at a discount to the prevailing market price and the consolidated net asset value per Share as illustrated above, taking into account that (i) based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day, the Shares have been traded at a discount of approximately 87.85% to the unaudited consolidated net asset value per Share as at 30 June 2025 of approximately HK\$5.02; (ii) during the three months immediately preceding the Last Trading Day, the Company’s average daily trading volume of approximately 1,530,589 Shares represented merely approximately 1.59% of the total number of issued Shares as at the Last Trading Day, which indicated a lack of liquidity and demand for the Shares; (iii) the latest business performance and financial position of the Group, particularly that the Group recorded a change from net profit of approximately RMB33.1 million for the year ended 31 December 2023 to net loss of approximately RMB185.6 million for the year ended 31 December 2024; and (iv) the relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day. If the Subscription Price is set at a level close to the Company’s unaudited consolidated net asset value per Share as at 30 June 2025 (i.e. approximately HK\$5.02), it will represent a significant premium of approximately 8.23 times as compared to the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day. The Directors consider that, if the Subscription Price was made with reference to the net asset value per Share, the willingness of the Shareholders to participate in the Rights Issue would be significantly reduced, which would not be favourable to the Company and the Shareholders as a whole.

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After thoroughly evaluating current market conditions and sentiment, relatively stagnant trading volume of the Shares and shareholder sentiment, the Board has determined that a discount to the current market price of the Shares, consolidated net asset value per Share as well as the benchmark price (as defined under Rule 7.27B of the Listing Rules) of the Shares would be necessary to provide adequate incentive to encourage the Shareholder and potential investors to participate in the Rights Issue, while ensuring the fundraising objectives can be met. Despite the relatively substantial theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules), the Directors consider that such effect is inevitable in order to achieve fundraising objectives and incentivise the Shareholders to participate in the Rights Issue considering the lack of liquidity and relatively stagnant trading volume of the Shares as demonstrated above. In addition, the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market and the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company. Accordingly, despite the Subscription Price is priced at a discount to the current market price of the Shares, consolidated net asset value per Share and the benchmark price of the Shares as well as the substantial theoretical dilution effect, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of the Rights Shares will be approximately HK\$0.4725 per Rights Share.

Basis of provisional allotment

Under the Rights Issue, the basis of the provisional allotment will be six (6) Right Shares for every one (1) Share held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Prior to determining the entitlement ratio of the Rights Issue, the Board has considered various options. Given the amount of funds the Company intends to raise under the Rights Issue for business development, the latest financial performance of the Group and the recent market price of the Shares, the Company considered the rights issue entitlement ratio of six Rights Shares for one Share is reasonable to raise necessary funds to support operation needs and strengthen capital structure. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Fractional provisional allotment of the Rights Shares

On the basis of the provisional allotment of six (6) Right Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue and no entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders.

Odd lot arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share on a best effort basis. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Further details of the odd lot arrangement will be set out in the Prospectus.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Excluded Shareholders for their information only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must be (i) registered as a member of the Company at the close of business on the Record Date; and (ii) not an Excluded Shareholder.

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Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) 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 4:30 p.m. on Thursday, 23 October 2025.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Monday, 3 November 2025.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Certificates of the Rights Shares and refund cheques

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Wednesday, 10 December 2025 by ordinary post to those entitled thereto, at their own risk, to their registered addresses.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Application for listing in nil-paid and fully-paid forms

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 1,000 Rights Shares.

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Rights Shares will be eligible for admission into CCASS

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

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

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

As at the Latest Practicable Date, there are a total of 25 Overseas Shareholders with registered addresses situated in the PRC and the British Virgin Islands, with the following shareholding structure:

Jurisdiction	Number of Overseas Shareholders	Aggregate number of Shares held by Overseas Shareholders in the jurisdiction	Approximate percentage of shareholdings
The PRC	11	6,889,975	7.18%
The British Virgin Islands	14	2,606,027	2.71%
Total	25	9,496,002	9.89%

Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiry in respect of the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange in those places for the Company to extend the Rights Issue to the Overseas Shareholders. Based on the relevant legal advice on the laws of the PRC and British Virgin Islands, the Board is of the view that it is not necessary or expedient to exclude the Overseas Shareholders with the registered address in the PRC or the British Virgin Islands. In particular, under the currently effective legislations of these jurisdictions, there is no regulatory restriction or requirement of any regulatory body or stock exchange with respect to the extending of the Rights Issue by the Company to the

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Overseas Shareholders in the relevant jurisdictions, provided that such Overseas Shareholders shall comply with and fulfill the provisions of the relevant laws and regulations as well as the policies and requirements of the relevant government authorities.

Accordingly, the Rights Issue will be extended to such Overseas Shareholders in the PRC and the British Virgin Islands and there are no Excluded Shareholders for the Rights Issue as at the Latest Practicable Date. Save for the aforesaid Overseas Shareholders, all Shareholders on the Company's register of members as at the Latest Practicable Date have Hong Kong registered addresses.

The Company will continue to ascertain whether there are any other Overseas Shareholders as at the Record Date and will make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholder as at the Record Date.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any acceptance of or application for Rights Shares 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 fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

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

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

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

The Company appointed the Placing Agent to place the Unsubscribed Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to the relevant No Action Shareholders and Excluded Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 1 December 2025, acquirers for all (or as many as possible) of those Unsubscribed Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the relevant No Action Shareholders and Excluded Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Excluded Shareholders, the relevant Excluded Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Excluded Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

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CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Tuesday, 14 October 2025 to Monday, 20 October 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Friday, 24 October 2025 to Friday, 31 October 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

PLACING AGREEMENT

Principal terms of the Placing Agreement are as follow:

Placing Agent:

I Win Securities Limited

The Placing Agent is a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the SFO.

Placing commission:

Subject to completion of the Placing taking place, the Company shall pay a placing commission in Hong Kong dollars, of 0.2% of the amount (the “**Placing Commission**”) which is equal to the placing price multiplied by the number of the Unsubscribed Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing Price:

Not less than HK\$0.4753 per Unsubscribed Share and the NQS Unsold Rights Share.

Placing Period:

A period commencing from the first (1st) Business Day immediately after the date of announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares (i.e. Monday, 24 November 2025 under the current timetable) and ending on 4:00 p.m. on the fifth (5th) business after the date of announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares (both days inclusive).

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Placees:

The Unsubscribed Shares and NQS Unsold Rights Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and not acting in concert with the Placing Agent and its concert parties.

The Placing Agent shall also ensure that the public float requirement under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.

Ranking of the placed
Unsubscribed Shares and
NQS Unsold Rights Shares:

The placed Unsubscribed Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing
Agreement:

The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the Rights Issue having become unconditional;
- (ii) the Company's warranties contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing;
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Shares and the NQS Unsold Rights Shares with or without conditions;
- (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and

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- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

None of the above conditions can be waived. In the event that the above conditions precedent have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination).

As at the Latest Practicable Date, none of the conditions have been fulfilled.

Termination:

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Shares and the NQS Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

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- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or

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- (v) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vi) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The terms of the Placing Agreement were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate for rights issues in the market, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of the Placing Agreement are fair and reasonable and on normal commercial terms.

The Placing Agent confirms that it is an Independent Third Party. 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 and NQS Unsold Rights Shares.

If all or any of the Unsubscribed Shares and NQS Unsold Rights Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Excluded Shareholders. Any NQS Unsold Rights Shares and/or Unsubscribed Shares that are not placed by the Placing Agent will not be issued by the Company. As at the Latest Practicable Date, the Placing Agent has not identified any placee(s). In any case, any placees shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company. As such, the Company considers that the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (iv) the Independent Shareholders having approved at the EGM of the Rights Issue and the Placing Agreement no later than the Prospectus Posting Date; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof, and remaining in full force and effect.

As at the Latest Practicable Date, none of the conditions has been fulfilled. None of the above conditions can be waived. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so) and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

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As the proposed Rights Issue is subject to the fulfilment of the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution in dealing in the securities of the Company.

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

The Group is principally engaged in provision of content marketing, digital marketing, public relations event planning services, media advertising services and Software as a Service (the “SaaS”) interactive marketing services in the PRC.

AI-powered marketing is reshaping the Chinese marketing industry

In recent years, the Chinese marketing industry has witnessed a boom in digital advertising, especially social media, search engine optimisation and video content marketing innovations which continued to drive the industry forward. With the continuous advancement of 5G and artificial intelligence (“AI”) technology, advertising personalisation and audience targeting reached unprecedented precision. With reference to the “Research Report on AI Application Development in China’s Marketing Industry in 2024” (2024年中國營銷行業AI應用發展研究報告) issued by iResearch in 2025, the rapid advancement of marketing technologies has significantly reshaped how marketing campaigns are designed, executed, and evaluated. AI tools could (i) analyse customer data to understand preferences and behaviours, generate personalised content for targeted advertising; (ii) enable the quick and cost-effective creation of content, including text, visuals, and videos; (iii) provide 24/7 customer support and customer behaviour prediction, allowing for proactive client engagement and retention strategies; and (iv) support platforms such as data management platform and customer data platform to allow more precise audience segmentation and personalised communication, making marketing efforts more targeted and efficient. The revenue from the Chinese AI marketing services is therefore expected to increase from approximately RMB65.6 billion in 2023 to approximately RMB127.8 billion in 2030, representing a compound annual growth rate (“CAGR”) of approximately 10.0%. iResearch is an independent market intelligence provider that provides market research, information and advice to companies in various industries.

According to Frost & Sullivan, the market size of integrated marketing services industry in the PRC is expected to increase at a CAGR of approximately 9.4% from approximately RMB1,700.5 billion in 2024 to approximately RMB2,666.4 billion in 2029. Such growth is primarily driven by, among others, deep penetration and continuous innovation in digital technologies including AI, big data, short video platforms, and live-streaming e-commerce, enabling more efficient, targeted, and scalable marketing models. The future trends of the Chinese marketing services industry include, among others:

- (i) *intelligent technology-driven marketing*: technological advancement will continue to reshape the core capability structure of integrated marketing services industry. AI-generated content will become a standard tool in text, image, and video creation, significantly accelerating content production and improving personalisation. At the same time, intelligent recommendation systems, programmatic advertising, and predictive analytics will enable automation and

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closed-loop control across the marketing chain, helping brands lower labour costs and enhance targeting accuracy. In the future, integrated marketing services will evolve from multi-platform coordination to full-chain intelligent collaboration, with technology at its core, enabling a more scientific, efficient, and measurable marketing system;

- (ii) *content format innovation*: as the digital content ecosystem continues to evolve, emerging content formats such as AI-generated content (AIGC), 3D advertising, interactive video, and immersive environments are reshaping how brands communicate with users and deliver value. In response, digital advertising service providers are under growing pressure to develop full-stack capabilities that integrate creative ideation, advanced technical execution, and continuous data-based content iteration. Service providers that possess both storytelling expertise and cutting-edge production capabilities such as generative AI engines, virtual human modeling, and real-time rendering infrastructure, are better positioned to offer differentiated creative value. Looking ahead, the Directors consider that marketing service providers shall transform from solely acting as media intermediaries to becoming an integrated marketing architect, offering services from brands design to delivering cohesive, tech-enabled digital narratives across multiple formats and platforms in an increasingly fragmented content landscape; and
- (iii) *enhancing productivity empowered by AI*: this transformation enables service providers to serve a greater number of clients simultaneously while still delivering personalised experiences and maintaining high campaign performance. In addition, real-time data feedback loops allow for continuous optimisation and lower marginal service costs, thereby enhancing return on investment and operational scalability.

With reference to the prospectus of the Company dated 28 October 2022, China's marketing services market was fragmented and it was estimated that both of offline and online marketing services providers in China have exceeded 100,000. Given the competitive environment and the impact of AI technology on the PRC marketing industry as stated above, it is a trend for the marketing service providers to develop unique AI-empowered marketing products to provide tailor-made solutions to clients so as to enhance their competitiveness. For instance, BlueFocus Intelligent Communications Group Co., Ltd., one of the leading Chinese marketing service providers, has launched the "All in AI" strategy in 2023 to lead the application of AI in the marketing industry and developed Blue AI, a marketing domain-specific application engine for large language models. In 2024, its gross billing generated from AI-driven business amounted to approximately RMB1.2 billion.

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Investment and development in AI is essential for maintaining the Group's competitiveness and enhancing the Group's operational scalability

As AI technology continues to mature and penetrate deeper into the marketing services value chain, the Group believes that its marketing services driven by AI technology will be of great significance to complement its content and digital marketing business and for its future business development. As such, the Group intends to develop its in-house AI marketing large language model business platform (the “**AI Model**”) to support digital human live streaming, AI-assisted content generation, AI performance optimisation and automated advertisement delivery.

The Group's commercial rationale and purpose of building the AI Model is to (i) align with the industry trends (i.e. intelligent technology-driven marketing, content format innovation and enhancing productivity empowered by AI as discussed above) in order to stay competitive and updated to the market trends; and (ii) take advantage of the market drivers of the Chinese marketing services industry for the Group's future business growth. The rapid advancement of marketing technologies has significantly reshaped how marketing campaigns are designed, executed, and evaluated. Generative AI tools now enable the quick and cost-effective creation of content including text, visuals, and videos. This convergence of advanced technologies and diversified platforms is driving integrated marketing services toward greater precision, automation, and real-time responsiveness. Such AI Model will also equip the Group with the technical and creative adaptation capabilities which create barriers to its existing and future competitors. Automation tools require long-term expertise to optimise, and industry leaders leverage proprietary AI-driven consumer insights systems to maintain dominance. In addition, significant cultural differences across global markets make it difficult for standardized advertisement content to resonate with local audiences. To succeed, some have developed adaptive content systems, incorporating emerging technologies such as AIGC to generate personalised creative assets at scale. These capabilities enable cost-effective and scalable advertising that meets the nuanced expectations of diverse target audiences.

As the Group is principally engaged in provision of content marketing, digital marketing, public relations event planning services, media advertising services and SaaS interactive marketing services in the PRC, such AI Model will align with the Group's principal business (i.e. the marketing services) to allow the Group to (i) fulfil the requirements of different platforms (e.g. Douyin, Kuaishou, Shipinhao and Xiaohongshu) as each platform has its own audience demographics, content formats and engagement mechanics; and (ii) serve a greater number of clients simultaneously while still delivering personalised experiences and maintaining high campaign performance.

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The Group's current management team has the relevant experience in information technology. Mr. Huang Xihuang ("Mr. Huang"), the Group's director for research and development, obtained his bachelor's degree in communication engineering in June 2003 and his master's degree in information and communication engineering in March 2006 from Zhejiang University, the PRC. He obtained a qualification certificate of senior engineer specialist in electronic engineering from Fujian Human Resources and Social Security Bureau* (福建省人力資源和社會保障廳) in October 2017. Prior to joining the Group, Mr. Huang was the research and development engineer at Xiamen Yaxon Networks Co., Ltd.* (廈門雅迅網絡股份有限公司) from April 2006 to March 2011. From June 2011 to March 2018, he was employed as a research and development engineer by Lenovo Mobile Internet Technology (Xiamen) Co., Ltd.* (摩托羅拉移動互聯科技(廈門)有限公司) (formerly known as Lenovo Mobile Internet Technology (Xiamen) Co., Ltd.* (聯想移動互聯科技(廈門)有限公司)). Although the Group currently has no staff with direct relevant qualification or experience in AI field, the Group intends to hire technical personnel and senior experts with deep experience in areas such as AI algorithms to strengthen the research and development and project management teams.

The Group expects to apply the AI Model across every stage of the key service flow:

- (i) *Client briefing and engagement*: the Group intends to leverage the AI Model to assist in capturing and analysing client needs, organising key inputs such as brand positioning, product and service attributes, marketing goals, and budgeting. This could facilitate the capturing and retention of clients, generation of structured client profiles and support more targeted campaign planning and budget optimisation;
- (ii) *Campaign planning*: the Group intends to leverage the AI Model to (a) facilitate the selection of appropriate media channels and platforms through performance modeling; (b) design campaign formats and content based on platform preferences and past outcomes; (c) determine campaign timing and scheduling through predictive analytics; and (d) facilitate media resource procurement via automated allocation recommendations;
- (iii) *Campaign content generation*: the Group intends to leverage the AI Model to support content generation through image recognition, image generation, voice recognition and augmented reality to develop intelligent face and voice changing, virtual reality actors, intelligent editing and intelligent special effects, enabling efficient, scalable, and personalised advertising content generation;
- (iv) *Campaign execution and management*: the Group intends to leverage the AI Model to support real-time data analysis to track key performance indicators. By continuously analysing performance data across media platforms, the AI Model could support intelligent audience retargeting, budget reallocation and bid adjustment, ensuring that campaigns remain aligned with defined goals and perform efficiently across channels; and

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- (v) *Campaign evaluation*: the Group intends to leverage the AI Model to assist in extracting actionable insights related to audience engagement, channel effectiveness and content impact, supporting clients in evaluating campaign outcomes and planning future strategies.

Unlike traditional project-based marketing services that rely heavily on manual execution, such AI Model could utilise advanced algorithms and data engines to automate large portions of the planning, content selection and creation, and creative adaptation processes, enabling the Group to effectively serve a great number of clients simultaneously while still delivering personalised experiences and maintaining high campaign performance. In addition, real-time data feedback loops allow for continuous optimisation and lower marginal service costs, thereby enhancing return on investment and operational scalability.

In particular, focusing on the two core elements of “intelligent generation” and “automated operation”, the AI Model is expected to be applied in four aspects to support the Company’s marketing services:

- (i) *AI digital human live streaming*: the AI Model is able to create virtual characters without the need for real-life actors and support flexible switch among multiple languages, multiple images and multiple scenes, thus providing 24/7 and uninterrupted live streaming services to brand owners. The intelligent interactive system developed through the AI Model could analyse audience comments in real time, dynamically adjust the language and emotions, engage hundreds or thousands of viewers simultaneously, and respond to real-time comments and provide product recommendations. Such application of the AI Model could significantly improve live streaming conversion rates, reduce labour, studio and operational costs, and break down geographic and language barriers;
- (ii) *AI-assisted content generation*: in respect of images and text, the AI Model is able to automatically generate crafted high-quality marketing copy, scripts, press release, posters and other content by simply entering keywords or a description of needs. In respect of videos, the AI Model is able to automatically generate video scripts based on specific needs of brand owners and then transform text or images into marketing videos with visuals, special effects and subtitles. The Company can then put the AI-generated marketing content, in particular short videos, on different advertising agencies media platforms and e-commerce media platforms such as Douyin, Kuaishou, Shipinhao and Xiaohongshu to promote the brand owners’ products;
- (iii) *AI-powered video editing*: the AI Model is able to intelligently analyse massive amounts of video footage, use machine learning to automate and enhance video production and offer features such as automatic transcription, subtitle generation, filter word removal and content repurposing. The AI Model could also support real-time editing and updating, enabling rapid optimisation based on user feedback and the latest requirements of brand owners; and

- (iv) *AI intelligent advertisement delivery*: the AI Model could deeply integrate mainstream advertising channels (i.e. search engines, social media platforms, short video platforms, etc.) to achieve unified management and automated delivery of advertisements across platforms. Based on AI intelligent analysis of massive historical data, user portraits and market dynamics, the AI Model could accurately predict the best delivery strategy of advertisements and automatically complete advertisements creation, budget allocation, bidding optimisation and material rotation testing. At the same time, the AI Model could monitor advertisement performance in real time, perform millisecond-level dynamic optimisation, automatically target to high-potential groups, block inefficient traffic, and adjust bids to maximise conversion rate and return on investment.

The Group will first build a comprehensive and dynamically updated marketing database through collecting and integrating data from in-house data, third-party service providers, open sources and media platforms. Such database will serve as the core asset for model training and optimisation. The Group will establish a professional team of senior algorithm experts and AI engineers and procure and equip with necessary computing infrastructure. Technically, the Group will use advanced open-source large models such as DeepSeek and Llama as the base to design and optimise an exclusive model architecture that is suitable for marketing scenarios. On this basis, such AI Model will then be deeply trained by inputting the constructed marketing database into the AI Model and using techniques such as fine-tuning to optimise the model parameters, so that it can accurately understand the professional knowledge and business logic in the marketing field. The Group will then use the validation dataset to assess the performance of the AI Model, identify areas for improvement and fine-tune the AI Model's hyperparameters to iterate and improve its performance. At last, the AI Model can only be officially deployed after it has passed the comprehensive testing through using the test dataset and proved its generalisation ability and stability in real business scenarios.

Specifically, the Group intends to develop the AI Model in phases, with the first phase to be completed in 2025 which involved developing the prototype of the AI Model and establishing the marketing knowledge and insight database with all kind of media elements including texts, images, videos and logs. Using the advanced data integration and analysis technologies, the multi-source and fragmented data in the database could be efficiently streamlined and analysed to generate high quality and meaningful data for model training. With the prototype of the AI Model completed, the Group will further train the AI Model on writing content and creations that are “human-like” and “profitable”, with focuses on improving key performance indicators such as click-through rate, conversion rate, and return on investment, and strengthening the AI Model's professional capabilities in attribution and evaluation on marketing effectiveness. The Group intends to develop the AI-powered automated generation capabilities (from keywords to marketing copy, scripts, press release, posters and other content), establish basic data connectivity for AI intelligent advertisement delivery and launch the image and voice prototype recording for AI digital human live streaming. To create a powerful infrastructure for efficient AI training and inference, the Group intend to build its own GPU cluster and integrate it with cloud elastic computing power by leveraging on dedicated hardware for consistent performance and the cloud's scalability for fluctuating needs.

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In the second phase which is expected to be completed in 2026, the Group intends to optimise the AI Model on certain industries that are the main target customers of the Group, including apparel and footwear, food and beverage, and education, by incorporating in-depth industry data into the AI Model. The Group aims to develop a number of category specific Low-Rank Adaptation (LoRA) models for these industries that could tailor for the specific needs of the clients in these industries. The Group also intends to further develop the multi-modal functions of the AI Model, such as (i) achieving serial output of “scripts — shot lists — subtitle and spherical effect suggestions” in AI-assisted content generation function; (ii) realising batch production and one-click revision and integrating with templates of brand owners in AI-powered video editing function; (iii) supporting unified cross-platform modelling, online carousel testing, and automated budget allocation in AI intelligent advertisement delivery function; and (iv) enabling virtual characters supporting flexible switch among multiple languages, multiple images and multiple scenes in AI digital human live streaming function.

In the third phase which is expected to be completed in 2027, the Group intends to introduce the function of content generation based on individual profiling of crowd in the AI Model and further improve the multi-modal functions of the AI Model to include real-time bidding and delivery. It is targeted that with these functions, the AI Model could further promote click-through rate by over 30% and reduce the edge delay. To achieve synergy among different functions of the AI Model, the Group intends to integrate AI-assisted content generation function and AI-powered video editing function to generate personalised content including individual portrait analysis, differentiated scripts and content creation and instant feedback for revision. In respect of AI digital human live streaming function, the Group intends to use customer feedback analysis and sentiment analysis to understand crowd-level speech and emotional curves and then translate these insights into concrete product marketing strategies to improve retention and conversion rates. The Group also intends to incorporate automated budget management, real-time strategy adjustments, and dynamic creative testing across different channels to optimise advertisement delivery in the AI intelligent advertisement delivery function.

In the fourth phase which is expected to be commenced in 2028 and continue onward, the Group intends to develop the AI Model into an autonomous marketing model that can cater for any industry and channel, and with the self-feedback function for continuous improvement, achieving the self-closed loop of content production, live broadcast and short videos, cross-platform advertisement delivery, data feedback and strategy update. It is targeted that with these functions, the AI Model could significantly improve the return on investment and lower the Group’s management cost on the AI Model.

Strategic cooperation with leading media platforms requires substantial cash payments

In addition, as one of the leading one-stop marketing service providers in the PRC, the Group has maintained long-standing strategic partnerships with well-known leading media platforms. In particular, the Group entered into a strategic partnership with Douyin in March 2023 to launch the Douyin Distribution Channel to become the first-tier agent of Douyin. Due to the different content distribution and the users’ characteristics of media platforms, the Group strives to intensify collaboration with other leading information

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content and tools platforms, advertising agencies media platforms and e-commerce media platforms such as Kuaishou, Shipinhao and Xiaohongshu. In May 2025, the Group entered into a cooperation agreement with Kuaishou to become the first-tier agent of Kuaishou. These online media platforms are generally among the largest market players in their respective industries. Since these online media platforms generally require deposit of a certain percentage of the estimated annual marketing budget to guarantee an expected level of gross spending or prepayment before acquiring user traffic and shorter credit periods, it is expected that the Group's future transactions with them will result in substantial cash requirements. The Company has completed a share subscription on 24 March 2025 with total net proceeds of approximately HK\$37.1 million and a share subscription on 21 July 2025 with total net proceeds of approximately HK\$9.5 million, both of which were also intended to be utilised on the Douyin Distribution Channel. As at the Latest Practicable Date, all net proceeds of these two share subscriptions have been fully utilised as intended. As such, further fundraising on the purchase of media resources on leading media platforms is required.

The Rights Issue is critical to replenish the Group's working capital and business development

With reference to the annual report of the Group for the year ended 31 December 2024 ("FY2024"), total revenue of the Group has increased by approximately 50.2% from approximately RMB1,192.0 million for the year ended 31 December 2023 ("FY2023") to approximately RMB1,790.8 million for FY2024, primarily attributable to the abundance of experience in serving customers gleaned over the years, the introduction of schemes and products that better meet customer marketing needs, the ability to attract more investment from customers, and the impact of the Douyin projects which contributed to the substantial growth in revenue for the Group's digital marketing services. Despite the aforesaid revenue growth, the Group recorded a change from net profit of approximately RMB33.1 million for FY2023 to net loss of approximately RMB185.6 million for FY2024, primarily attributable to (i) the increase in selling and marketing expenses by approximately RMB46.8 million mainly due to the increase in advertising and promotional expenses incurred by the Company; (ii) the increase in provision for impairment loss on trade receivables and other financial assets, net by approximately RMB63.2 million, mainly due to the fact that the Group's significant revenue growth in FY2024 was accompanied by a rise in trade receivables, leading to an increase in provision for bad debts during FY2024; and (iii) the provision for impairment loss for intangible assets of approximately RMB107.8 million mainly due to the unexpected revenue decline and loss-making condition of the Group's SaaS business during FY2024. Resulting from the Group's cooperation with Douyin which generally required deposits or prepayments, the Group recorded net cash used in operating activities of approximately RMB218.6 million and RMB103.8 million for FY2023 and FY2024, respectively. Against this backdrop, the Group requires external equity financing activities to further expand its business while maintaining sufficient working capital.

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The gross proceeds from the Rights Issue are expected to be approximately HK\$273.8 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$272.2 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$251.9 million, representing approximately 92.5% of the net proceeds, for the development of the AI Model. In particular:
 - (a) approximately HK\$31.5 million, representing approximately 11.6% of the net proceeds, will be used for hiring technical personnel and senior experts with deep experience in areas such as AI algorithms to strengthen the research and development and project management teams as well as purchasing necessary outsourcing services. With the expansion of the AI Model business, the Group expects to hire increasing number of personnel during the initial three years and spend a total of approximately HK\$3.5 million on hiring AI engineers, HK\$8.2 million on hiring data and algorithms engineers, HK\$10.2 million on hiring front-end, back-end, testing and security engineers, HK\$2.5 million on hiring project and product managers, and HK\$7.1 million for outsourcing specific tasks such as model evaluation and grayscale testing. The Group expects to fully utilised the net proceeds in this regard by the end of 2028;
 - (b) approximately HK\$173.2 million, representing approximately 63.6% of the net proceeds, will be used for building an internal computing power platform with high efficiency and scalability by acquiring advanced AI-specific computing hardware, including high-performance GPU server clusters and ancillary network storage devices. Advanced AI-specific computing hardware is essential for AI models as it provides the raw processing power to handle vast datasets, execute complex algorithms and perform real-time decision making, enabling advancements in fields like natural language processing and autonomous systems. Specialised hardware, including GPUs, is crucial for parallel processing, while high-performance servers with ample memory and high-bandwidth networking support these intensive workloads. GPUs are specialised hardware designed for efficiently processing large blocks of data simultaneously, making them ideal for graphics rendering, video processing, and accelerating complex computations in AI and machine learning applications. Without this hardware infrastructure, the training and deployment of sophisticated AI models would be severely limited. The Group is currently under negotiations with NVIDIA certified distributors such as Dell, Hewlett Packard, Lenovo and Supermicro to purchase NVIDIA certified system, Deep GPU Xceleration or Hyper-scale GPU Accelerator and has obtained the relevant quotations. The Group expects to spend approximately HK\$125.1 million on purchasing high-performance GPU server clusters, approximately HK\$26.1 million on purchasing ancillary network storage devices, approximately HK\$15.6 million on installing, deploying and maintaining generator room and power distribution and

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approximately HK\$6.4 million on relevant warranty and support services. The Group expects to fully utilised the net proceeds in this regard by the end of 2026;

- (c) approximately HK\$31.5 million, representing approximately 11.6% of the net proceeds, will be used for developing and upgrading the cloud elastic computing power through the purchase of high-performance GPU-based instances, advanced software systems and other necessary hardware equipment. The Group is currently under negotiations with cloud elastic computing power providers such as Amazon and Google and has obtained the relevant quotations and cloud services information. The Group expects to fully utilised the net proceeds in this regard by the end of 2026;
 - (d) approximately HK\$12.6 million, representing approximately 4.6% of the net proceeds, will be used for purchasing third-party data services to support data collection, cleansing, rendering, and annotation, with a view to building high-quality and domain-specific datasets to be used by the AI Model. The Group expects to fully utilised the net proceeds in this regard by the end of 2028; and
 - (e) approximately HK\$3.1 million, representing approximately 1.1% of the net proceeds, will be used for recruiting personnel to maintain the data security and compliance of the AI Model. The Group expects to fully utilised the net proceeds in this regard by the end of 2028; and
- (ii) approximately HK\$20.3 million, representing approximately 7.5% of the net proceeds, for purchasing media resources, in particular, the online traffic from Kuaishou, Shipinhao and Xiaohongshu for the Group's customers to place advertisements on these online media platforms. The Group expects to fully utilised the net proceeds in this regard by the end of 2026.

In the event that there is an under-subscription of the Rights Issue and the Placing (as the case may be), the net proceeds of the Rights Issue and the Placing (as the case may be) will be allocated and utilised in proportion to the above uses.

As at the Latest Practicable Date, saved as disclosed in this circular, the Company currently (i) has no other specific acquisition plan or acquisition target; and (ii) does not have any agreement, arrangement, undertaking or negotiation to pursue new business or dispose the existing business.

Fundraising alternatives

The Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

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The Board is of the view that while debt financing will increase the gearing ratio of the Group and having considered the prevailing high interest rate environment, debt financing will increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

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

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EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Controlling Shareholders pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent places:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Controlling Shareholders pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent places	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Many Idea Liu Jianhui (Notes 1 and 3)	6,664,031	6.94	46,648,217	6.94	46,648,217	6.94
Xiamen Dream Future (Notes 2 and 3)	9,474,816	9.87	66,323,712	9.87	66,323,712	9.87
Many Idea Qushuo (Notes 3 and 4)	118,432	0.12	829,024	0.12	829,024	0.12
Subtotal	16,257,279	16.93	113,800,953	16.93	113,800,953	16.93
<i>Director</i>						
Mr. Chen Zeming	98,163	0.10	687,141	0.10	98,163	0.01
Subtotal	16,355,442	17.04	114,488,094	17.04	113,899,116	16.95
Independent places	—	—	—	—	478,456,326	71.20
Other public Shareholders	79,644,558	82.96	557,511,906	82.96	79,644,558	11.85
Total	96,000,000	100.00	672,000,000	100.00	672,000,000	100.00

LETTER FROM THE BOARD

Notes:

1. Many Idea Liujianhui is an investment holding company beneficially and wholly owned by Mr. Liu. Under the SFO, Mr. Liu is deemed to be interested in all the Shares registered in the name of the Many Idea Liujianhui.
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. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places. Percentages may not add up to 100% due to rounding.
6. Pursuant to the Placing Agreement, the Placing Agent shall also ensure that the public float requirement under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon completion of the Rights Issue.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LETTER FROM THE BOARD

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Date of the announcements	Fund raising activity	Net proceeds (approximate)	Intended use of the net proceeds as announced	Actual use of proceeds
14 March 2025 and 24 March 2025	Subscriptions of new Shares under the general mandate	HK\$37.1 million	(i) approximately 90% (equivalent to approximately HK\$33.39 million) for purchasing media resources, in particular, the Douyin Distribution Channel, and promotion of the Douyin Distribution Channel; and (ii) approximately 10% (equivalent to approximately HK\$3.71 million) for general working capital of the Group.	As at the Latest Practicable Date, all such net proceeds of approximately HK\$37.1 million has been fully utilised as intended.
11 July 2025 and 21 July 2025	Subscriptions of new Shares under the general mandate	HK\$9.5 million	(i) approximately 90.00% (equivalent to approximately HK\$8.55 million) for purchasing media resources, in particular, the Douyin Distribution Channel, and promotion of the Douyin Distribution Channel; and (ii) approximately 10.00% (equivalent to approximately HK\$0.95 million) for general working capital of the Group.	As at the Latest Practicable Date, all such net proceeds of approximately HK\$9.5 million has been fully utilised as intended.

Save as disclosed above, there has not been any equity fund raising activity conducted by the Company in the past twelve months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

LETTER FROM THE BOARD

As such, the controlling shareholders of the Company, namely Mr. Liu, Ms. Qu, ZJJ Many Idea, Xiamen Dream Future, Many Idea Liujianhui and Many Idea Qushuo who in aggregate holding 16,257,279 Shares, representing approximately 16.93% of the issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Wang Yingbin, Ms. Zhou Yan and Mr. Tian Tao, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transaction contemplated thereunder. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 45 to 46 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, and as to the voting action therefor, and the letter from Independent Financial Adviser set out on pages IFA-1 to IFA-41 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The notice convening the EGM to be held at 10:00 a.m. on Monday, 20 October 2025 is enclosed with this circular.

The register of members of the Company will be closed from Tuesday, 14 October 2025 to Monday, 20 October 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will be made available and/or despatch (as the case may be) the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders. The Company will despatch the PAL in printed form to the Qualifying Shareholders but will not despatch the PAL to the Excluded Shareholders. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will despatch the Prospectus in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications in the future.

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

The Rights Issue is conditional upon fulfilment of the conditions set out in the section headed "Letter from the Board — Conditions of the Rights Issue" of this circular, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the terms of the Rights Issue, the Placing Agreement and the transaction contemplated therein are fair and reasonable and in the interests of the Group and the Shareholders as a whole, therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. In case of any inconsistency between the English and Chinese versions of this circular, the English version will prevail.

For and on behalf of the Board
Many Idea Cloud Holdings Limited



Liu Jianhui
Chairman of the Board